

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 07/18/17 **Approx Start Time:** 2 pm **Approx Length:** 60 min

Presentation Title: Transportation System Development Charge (TSDC) Methodology
Session 2: Rates

Department: Transportation & Development

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

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

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Staff is seeking concurrence on the Transportation System Development Charge (TSDC) rate structure (Attachment 1) and on the method used to measure the impact new development has on the road system (Attachment 2).

EXECUTIVE SUMMARY:

Local governments rely on System Development Charges (SDCs) to collect money for capital improvements on a variety of infrastructure systems, such as roads, water, sewer, storm drains and schools.

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

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

While Clackamas County currently has two TSDC districts, at the end of this process we will only have a single district for unincorporated areas of the county. The joint district with the City of Happy Valley for areas in and around Happy Valley will be dissolved and each jurisdiction will have separate rates.

The first step in updating the countywide TSDC was to identify the list of capital projects eligible to receive TSDC revenue, because that sets the foundation for calculating the rates for different kinds of development. We reviewed the criteria used to develop the TSDC project list at a policy session with the Board of Commissioners on June 27, 2017.

TSDC Rates

We are approaching TSDC rates with a focus on streamlining and simplifying the program for our customers by considering a short consolidated rate list in place of our current long rate list (Attachment 1).

TSDC rates differ by land use based on the number of trips a new or expanded development is estimated to add to the transportation system. For example, the TSDC fee for a single-family home is lower than the fee for a large grocery store because it generates fewer trips.

Currently, Clackamas County has a long list of rates, one for each specific type of land use. We can now choose to continue to use a long list – and adopt rates for 88 land uses, or we can reduce the complexity by consolidating similar uses and reducing the number of rates to 50.

We asked the public and our work group which method they preferred, and they generally supported consolidating similar uses and going with a shorter list. This would make it easier for developers and the public to identify the correct rate and reduce the likelihood that commercial tenant improvements in an existing structure will trigger a TSDC fee.

Based on this feedback and our own analysis, staff recommends that we consolidate similar uses and reduce the number of rates.

Impact on Traffic

TSDC fees are charged based on the amount of traffic a development is estimated to generate. We are considering two options for determining the amount of added traffic (Attachment 2):

Daily Traffic Impact

- Fees based on the **total traffic** added by the development throughout an average day.
- This is the system we use now.

Impact on the Afternoon Commute

- Fees based on traffic added by the development during afternoon rush hour. (Traffic is heaviest during **weekday afternoon commute** times.)
- Road improvements are often needed to accommodate these high traffic flows.

While a slight majority of Clackamas County survey participants preferred we calculate traffic impact based on the number of trips during afternoon commute traffic, there was no clear preference in the virtual open house or work group meetings.

At this point, the impact of transitioning to using the afternoon commute measure is difficult to gauge with other changes made during this update. For this reason staff recommends that we continue using average daily trips to measure traffic impact.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? Total Project Cost = \$270,000; \$20,000 FY 2017/18

What is the funding source? TSDCs; 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. Staff has met with the Clackamas County Board of Commissioners and Happy Valley City Council throughout the process. Public & Government Affairs staff are involved in our education and outreach efforts.

OPTIONS:

Option A. The Board concurs with the recommendations to consolidate rates and continue using average daily traffic impact to calculate TSDC fees, and instructs staff to proceed with development of the methodology using these assumptions.

Option B. The Board concurs with the recommendation to consolidate rates and would like to use the afternoon commute impact to calculate TSDC fees, and instructs staff to proceed with development of the methodology using these assumptions.

Option C. The Board would like to keep the long list of rates and concurs with the recommendation to continue using average daily traffic impact to calculate TSDC fees, and instructs staff to proceed with development of the methodology using these assumptions.

Option D. The Board would like to keep the long list of rates and use the afternoon commute to calculate TSDC fees, and instructs staff to proceed with development of the methodology using these assumptions.

RECOMMENDATION:

Staff respectfully recommends that the Board of Commissioners approve Option A: concur with the recommendations to consolidate rates and continue using average daily traffic impact to calculate TSDC fees, and instructs staff to proceed with development of the methodology using these assumptions.

ATTACHMENTS:

- 1. TSDC Rate List Options | Longer or Shorter?
- 2. TSDC Traffic Impact Options | Daily or Commute?
- 3. TSDC Rate Discussion - Presentation

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

*For information on this issue or copies of attachments, please contact
Diedre Landon, DTD Administrative Services Manager @ 503-742-4411.*

Transportation System Development Charge (TSDC) Rate List Options

Longer or Shorter?

Current Rates	
Land Use	Units
Park-and-Ride Lot with Bus Service	Parking Space
Light Rail Station with Parking	Parking Space
General Light Industrial	1,000 Sq. Ft. of Gross Floor Area
General Heavy Industrial	1,000 Sq. Ft. of Gross Floor Area
Industrial Park	1,000 Sq. Ft. of Gross Floor Area
Manufacturing	1,000 Sq. Ft. of Gross Floor Area
Utilities	1,000 Sq. Ft. of Gross Floor Area
Warehousing	1,000 Sq. Ft. of Gross Floor Area
Mini-Warehouse	1,000 Sq. Ft. of Gross Floor Area
Single-Family Detached Housing	Dwelling Unit
Apartment	Dwelling Unit
Residential Condo Townhouse	Dwelling Unit
Mobile Home in Mobile Home Park	Space
Assisted Living	Beds
Nursing Home	Beds
Continuing Care Retirement Community	Dwelling Unit
Hotel	Room
City Park	Acre
County Park	Acre
Campground RV Park	Site
Marina	Berths
Golf Course	Holes
Golf Driving Range	Tee/Driving Position
Multipurpose Recreation Facility	1,000 Sq. Ft. of Gross Floor Area
Recreation Community Center	1,000 Sq. Ft. of Gross Floor Area
Bowling Alley	Bowling Lanes
Movie Theater without Matinee	Movie Screens
Movie Theater with Matinee	Movie Screens
Multiplex Movie Theater	Movie Screens
Casino Video Lottery Establishment	1,000 Sq. Ft. of Gross Floor Area
Soccer Complex	Field
Racquet Tennis Club	Court
Health Fitness Club	1,000 Sq. Ft. of Gross Floor Area
Military Base	Employees

Proposed Rates	
Consolidated Class	Units
Transit Parking	Parking Space
Industrial Manufacturing Warehouse	1,000 Sq. Ft. of Gross Floor Area
Single-Family Detached Housing	Dwelling Unit
Apartment	Dwelling Unit
Residential Condo Townhouse	Dwelling Unit
Mobile Home in Mobile Home Park	Space
Assisted Living	Beds
Senior Housing	Dwelling Unit
Hotel Motel	Room
Parks	Acre
Campground RV Park	Site
Marina	Berths
Golf Course	Holes
Golf Driving Range	Tee Driving Position
Recreation Community Center	1,000 Sq. Ft. of Gross Floor Area
Bowling Alley	Bowling Lanes
Movie Theater	Movie Screens
Casino Video Lottery Establishment	1,000 Sq. Ft. of Gross Floor Area
Soccer Complex	Field
Racquet Tennis Club	Court
Health Fitness Club	1,000 Sq. Ft. of Gross Floor Area
Military Base	Employees

Transportation System Development Charge (TSDC) Rate List Options

Longer or Shorter?

Current Rates	
Land Use	Units
Elementary School	Student
Middle Junior High School	Student
High School	Student
Private School (K-12)	Student
Junior Community College	Student
University College	Student
Church	1,000 Sq. Ft. of Gross Floor Area
Day Care	Student
Library	1,000 Sq. Ft. of Gross Floor Area
Hospital	Beds
Medical Dental Office Building	1,000 Sq. Ft. of Gross Floor Area
Clinic	1,000 Sq. Ft. of Gross Floor Area
General Office Building	1,000 Sq. Ft. of Gross Floor Area
Corporate Headquarters Building	1,000 Sq. Ft. of Gross Floor Area
Single Tenant Office Building	1,000 Sq. Ft. of Gross Floor Area
Government Office Building	1,000 Sq. Ft. of Gross Floor Area
Office Park	1,000 Sq. Ft. of Gross Floor Area
Research & Development Center	1,000 Sq. Ft. of Gross Floor Area
Business Park	1,000 Sq. Ft. of Gross Floor Area
State Motor Vehicles Department	1,000 Sq. Ft. of Gross Floor Area
Post Office	1,000 Sq. Ft. of Gross Floor Area
Building Materials & Lumber	1,000 Sq. Ft. of Gross Floor Area
Hardware Paint Store	1,000 Sq. Ft. of Gross Floor Area
Free-Standing Discount Super Store	1,000 Sq. Ft. of Gross Floor Area
Free-Standing Discount Store	1,000 Sq. Ft. of Gross Floor Area
Nursery (Garden Center)	1,000 Sq. Ft. of Gross Floor Area
Nursery Wholesale	1,000 Sq. Ft. of Gross Floor Area
Factory Outlet Center	1,000 Sq. Ft. of Gross Floor Area
Automobile Sales	1,000 Sq. Ft. of Gross Floor Area
Automobile Parts Sales	1,000 Sq. Ft. of Gross Floor Area
Tire Superstore	1,000 Sq. Ft. of Gross Floor Area
Supermarket	1,000 Sq. Ft. of Gross Floor Area
Convenience Market (24 hours)	1,000 Sq. Ft. of Gross Floor Area

Proposed Rates	
Consolidated Class	Units
Education	Student
Church	1,000 Sq. Ft. of Gross Floor Area
Day Care	Student
Library	1,000 Sq. Ft. of Gross Floor Area
Hospital	Beds
Medical Dental	1,000 Sq. Ft. of Gross Floor Area
Office	1,000 Sq. Ft. of Gross Floor Area
State Motor Vehicles Department	1,000 Sq. Ft. of Gross Floor Area
Post Office	1,000 Sq. Ft. of Gross Floor Area
Building & Hardware	1,000 Sq. Ft. of Gross Floor Area
Free-Standing Discount Stores	1,000 Sq. Ft. of Gross Floor Area
Nursery	1,000 Sq. Ft. of Gross Floor Area
Factory Outlet Center	1,000 Sq. Ft. of Gross Floor Area
Automobile Sales	1,000 Sq. Ft. of Gross Floor Area
Automobile Parts Sales	1,000 Sq. Ft. of Gross Floor Area
Tire Stores	1,000 Sq. Ft. of Gross Floor Area
Supermarkets	1,000 Sq. Ft. of Gross Floor Area
Convenience Market (24 hours)	1,000 Sq. Ft. of Gross Floor Area

Transportation System Development Charge (TSDC) Rate List Options

Longer or Shorter?

Current Rates	
Land Use	Units
Shopping Center	1,000 Sq. Ft. of Gross Floor Area
Specialty Retail Center	1,000 Sq. Ft. of Gross Floor Area
Home Improvement Superstore	1,000 Sq. Ft. of Gross Floor Area
Electronic Superstore	1,000 Sq. Ft. of Gross Floor Area
Office Supply Superstore	1,000 Sq. Ft. of Gross Floor Area
Pharmacy Drugstore w/o drive-through	1,000 Sq. Ft. of Gross Floor Area
Pharmacy Drugstore w/ drive-through	1,000 Sq. Ft. of Gross Floor Area
Furniture Store	1,000 Sq. Ft. of Gross Floor Area
Walk-In Bank	1,000 Sq. Ft. of Gross Floor Area
Drive-In Bank	1,000 Sq. Ft. of Gross Floor Area
Quality Restaurant	1,000 Sq. Ft. of Gross Floor Area
High Turnover Sit-Down Restaurant	1,000 Sq. Ft. of Gross Floor Area
Fast Food without Drive-Thru	1,000 Sq. Ft. of Gross Floor Area
Fast Food with Drive-Thru	1,000 Sq. Ft. of Gross Floor Area
Coffee Donut Shop without Drive-Thru	1,000 Sq. Ft. of Gross Floor Area
Quick Lubrication Vehicle Shop	Service Positions
Automobile Care Center	1,000 Sq. Ft. of Gross Floor Area
Convenience Market w/ Gasoline pump	Fueling Positions
Gas Service Station	Fueling Positions
Gas Service Station with Convenience Market	Fueling Positions
Gas Service Station with Convenience Market & Car Wash	Fueling Positions
Total Number of TSDC Rates = 88	

Proposed Rates	
Consolidated Class	Units
Shopping Retail	1,000 Sq. Ft. of Gross Floor Area
Pharmacy	1,000 Sq. Ft. of Gross Floor Area
Furniture Store	1,000 Sq. Ft. of Gross Floor Area
Banks	1,000 Sq. Ft. of Gross Floor Area
Restaurants	1,000 Sq. Ft. of Gross Floor Area
Fast Food	1,000 Sq. Ft. of Gross Floor Area
Coffee Donut Shop	1,000 Sq. Ft. of Gross Floor Area
Quick Lubrication Vehicle Shop	Service Positions
Automobile Care Center	1,000 Sq. Ft. of Gross Floor Area
Service Stations	Fueling Positions
Total Number of TSDC Rates = 50	

Transportation System Development Charge (TSDC) Traffic Impact Options

Daily or Commute?

The current TSDC project list is based on 2006 estimates. Clackamas County has not increased its TSDC rates since 2008. The proposed rates were calculated using 2011 TSP project cost estimates, which better align our fees with current construction costs. This results in a slight increase to all land uses regardless of rate consolidation or which traffic impact we choose to measure.

Transportation System Development Charge (TSDC) Traffic Impact Options [Fee per Unit]

Consolidated Class	CURRENT: Daily Traffic Impact	OPTION 2: Impact on Commute	OPTION 1: Daily Traffic Impact
Transit Parking	\$788 - \$1,412	\$3,339	\$2,061
Industrial Manufacturing Warehouse	\$591 - \$2,748	\$3,070	\$1,930
Single-Family Detached Housing	\$3,560	\$5,386	\$4,361
Apartment	\$2,500	\$3,339	\$3,046
Residential Condo Townhouse	\$2,180	\$2,801	\$2,661
Mobile Home in Park	\$1,856	\$3,178	\$2,286
Assisted Living	\$935 - \$1,019	\$1,185	\$1,237
Sr. Housing	\$1,045	\$1,158	\$1,399
Hotel Motel	\$4,126	\$3,232	\$3,743

Transportation System Development Charge (TSDC) Traffic Impact Options

Daily or Commute?

Transportation System Development Charge (TSDC) Traffic Impact Options [Fee per Unit]			
Consolidated Class	CURRENT: Daily Traffic Impact	OPTION 2: Impact on Commute	OPTION 1: Daily Traffic Impact
Parks	\$654 - \$938	\$485	\$955
Campground RV Park	\$2,288	\$1,454	\$1,051
Marina	\$1,652	\$1,023	\$1,356
Golf Course	\$19,945	\$15,728	\$16,372
Golf Driving Range	\$5,144	\$6,733	\$4,867
Recreation Community Ctr	\$12,768 - \$13,786	\$14,758	\$15,492
Bowling Alley	\$18,600	\$8,133	\$5,879
Movie Theater	\$56,133 - \$90,538	\$73,467	\$53,110
Casino Video Lottery Establishment	\$55,269	\$72,336	\$52,292
Soccer Complex	\$29,355	\$95,335	\$32,675
Racquet Tennis Club	\$15,926	\$18,044	\$17,728
Health/Fitness Club	\$13,552	\$19,013	\$13,745
Military Base	\$702	\$2,101	\$815

Transportation System Development Charge (TSDC) Traffic Impact Options

Daily or Commute?

Transportation System Development Charge (TSDC) Traffic Impact Options [Fee per Unit]			
Consolidated Class	CURRENT: Daily Traffic Impact	OPTION 2: Impact on Commute	OPTION 1: Daily Traffic Impact
Education	\$191 - \$692	\$786	\$693
Church	\$2,542	\$2,962	\$4,173
Day Care	\$665	\$4,363	\$2,006
Library	\$8,015	\$39,319	\$25,762
Hospital	\$4,657	\$7,648	\$5,928
Medical Dental	\$12,401 - \$14,246	\$19,228	\$16,550
Office	\$3,147 - \$27,179	\$7,585	\$4,782
State Motor Vehicles Department	\$65,461	\$92,049	\$76,051
Post Office	\$35,407	\$50,159	\$41,135

Transportation System Development Charge (TSDC) Traffic Impact Options

Daily or Commute?

Transportation System Development Charge (TSDC) Traffic Impact Options [Fee per Unit]			
Consolidated Class	CURRENT: Daily Traffic Impact	OPTION 2: Impact on Commute	OPTION 1: Daily Traffic Impact
Building & Hardware	\$7,370 - \$11,912	\$15,933	\$14,072
Free Standing Discount Stores	\$11,100 - \$14,593	\$10,889	\$10,710
Nursery	\$7,474 - \$13,025	\$23,892	\$20,589
Factory Outlet Center	\$5,508	\$8,141	\$8,039
Automobile Sales	\$6,906	\$9,314	\$9,765
Automobile Parts Sales	\$11,076	\$18,359	\$16,165
Tire Stores	\$4,601	\$12,138	\$7,459
Supermarkets	\$20,537	\$13,276	\$12,177
Convenience Market (24 hours)	\$45,270	\$107,269	\$128,463
Shopping Retail	\$4,864 - \$9,181	\$8,813	\$10,634
Pharmacy	\$13,285 - \$14,112	\$17,607	\$15,242
Furniture Store	\$746	\$1,139	\$1,089

Transportation System Development Charge (TSDC) Traffic Impact Options

Daily or Commute?

Transportation System Development Charge (TSDC) Traffic Impact Options [Fee per Unit]			
Consolidated Class	CURRENT: Daily Traffic Impact	OPTION 2: Impact on Commute	OPTION 1: Daily Traffic Impact
Banks	\$40,763 - \$41,002	\$51,044	\$26,467
Restaurants	\$13,482 - \$18,776	\$14,073	\$15,003
Fast Food	\$46,143 - \$66,594	\$58,953	\$61,361
Coffee/Donut	\$10,547	\$67,550	\$41,247
Quick Lubrication Veh. Shop	\$7,282	\$16,213	\$11,721
Automobile Care Center	\$7,300	\$9,716	\$7,023
Service Stations	\$10,578 - \$29,017	\$12,364	\$12,418

Transportation System Development Charge (TSDC) Methodology Update

Rate Discussion

TSDC UPDATE PROCESS

QUICK VIDEO CLIP + PROJECT LIST REFRESHER

**TRANSPORTATION
SYSTEM
DEVELOPMENT
CHARGES**

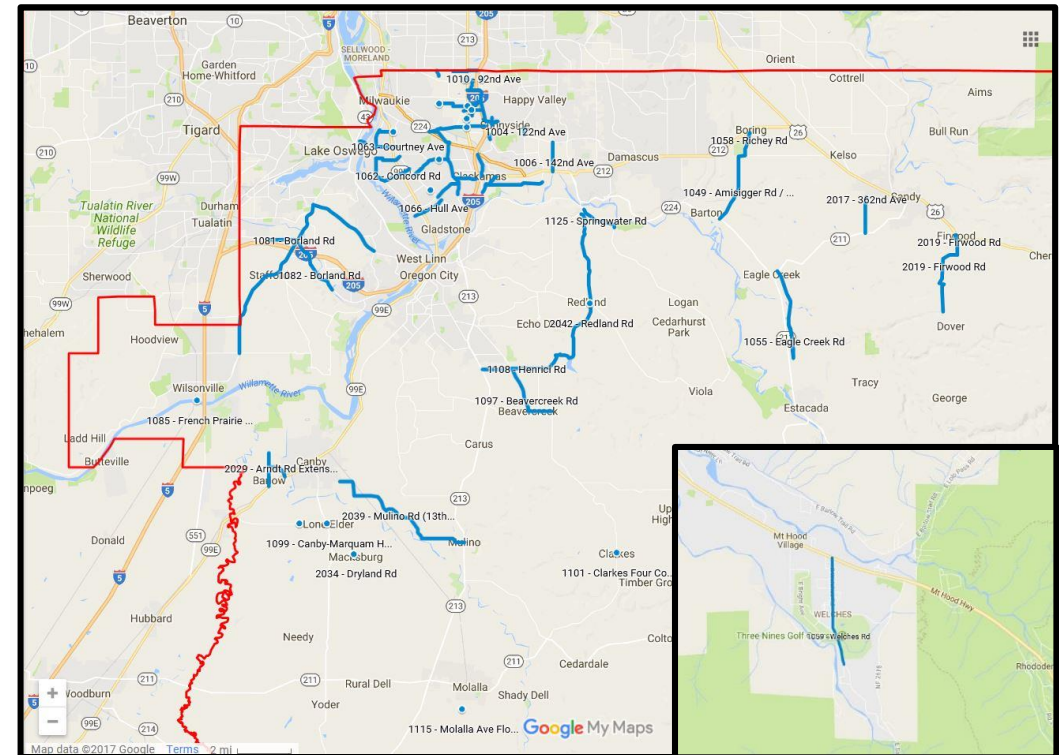
TSDC Project List

Countywide TSDC District

74 projects

\$461 million

*Average project is eligible for SDC funding at 41%
(projects range from 9-100% eligible)*



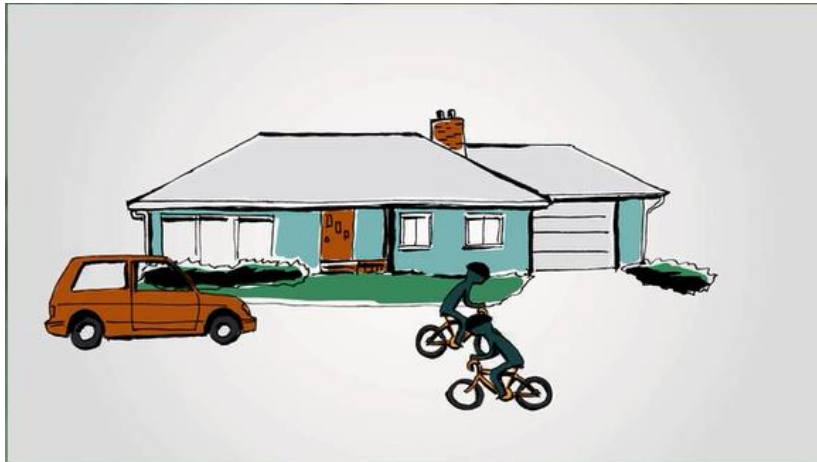
TSDC RATES

CURRENT LONGER LIST OR SHORTER CONSOLIDATED LIST?

[BCC POLICY SESSION WORKSHEET - ATTACHMENT #1]

Simplifying the Rates

TSDC rates differ by land use based on the number of trips a new development is estimated to add to the transportation system.



EXAMPLE:

The TSDC fee for a single-family home is lower than the fee for a large grocery store because it generates fewer trips.

More specific rates or fewer general rates?

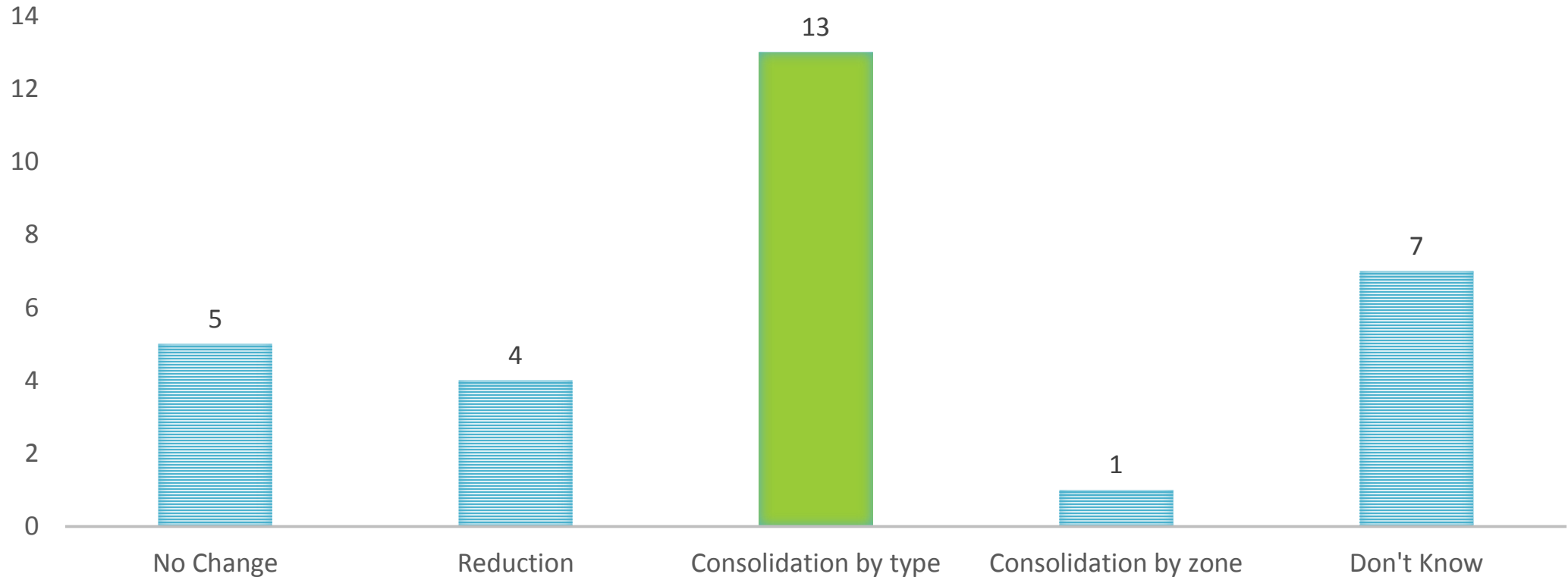
Currently, Clackamas County has 94 rates, one for each of 94 specific types of land use.

We can continue with 94 rates, or we can reduce the number of rates by consolidating similar land uses.

RATE CONSOLIDATION	<u>Opportunities</u>	<u>Considerations</u>
	<ul style="list-style-type: none">■ Easier for developers and the public to identify the correct rate.■ Reduce likelihood that tenant improvements will trigger a TSDC fee.	<ul style="list-style-type: none">■ Could change the amount paid for specific types of development.■ Developments that generate more traffic might pay less than they do now.■ Developments that generate less traffic might pay more than they pay today.

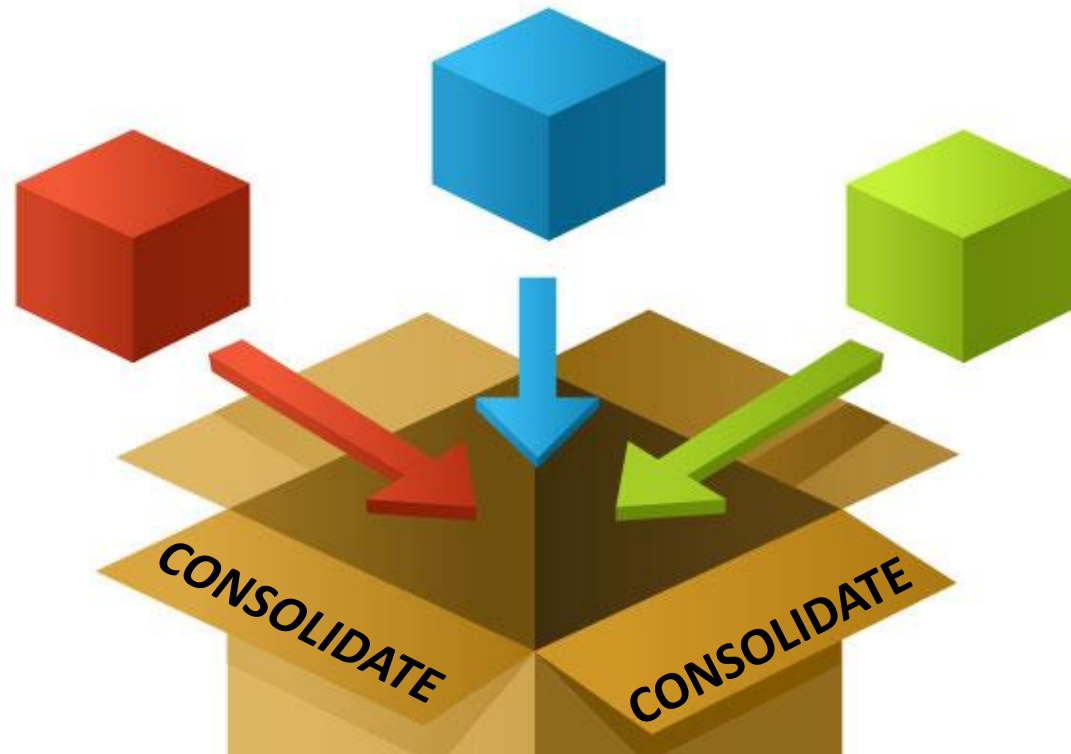
Community Survey | Simplifying the Rates

Should we reduce the number of rates?



There was overwhelming support for consolidation by type.

TSDC RATE RECOMMENDATION



- Consolidation was the preferred method during virtual open house and work group meetings.
- Consolidation simplifies the rate list by eliminating similar categories.

IMPACT ON TRAFFIC

AVERAGE DAILY TRIPS OR IMPACT ON CONGESTION?

[BCC POLICY SESSION WORKSHEET - ATTACHMENT #2]

Increasing project costs = Higher TSDC rates

Why is there an increase to the rates regardless of rate consolidation or traffic impact measured?

Current Rates:

- Current TSDC project list is based on 2006 estimates
- Clackamas County has not increased TSDC rates since 2008

Proposed Rates:

- Proposed TSDC project list is based on 2011 TSP project cost estimates
- Better align our fees with the current construction costs



What if we do not want to see an increase in rates?

Modifications to the project list will influence the final fees paid by new development. Adding projects will increase the fee and removing projects will reduce the fee.

Figuring out Traffic Impact

TSDC fees are charged based on the amount of traffic a development is estimated to generate.



We can measure traffic in two ways:

- 1) Traffic added by the development during afternoon rush hour, or
- 2) Total traffic added by the development throughout an average day.

Added Traffic Impact

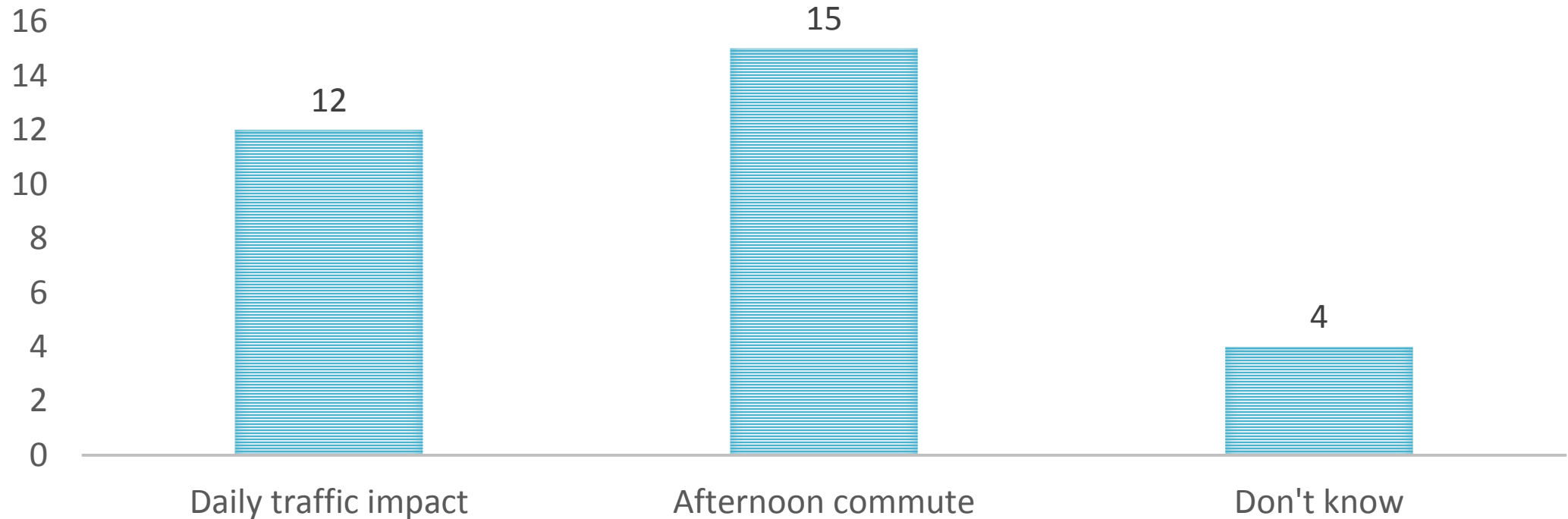
We are considering two options for determining the amount of added traffic:

DAILY TRAFFIC IMPACT	AFTERNOON COMMUTE
<ul style="list-style-type: none">■ Charge fees based on the total traffic that a land use generates in a full day■ This is the system we use now.	<ul style="list-style-type: none">■ Charge fees based on when traffic is heaviest, during weekday afternoon commute times.■ Road improvements are often needed to accommodate these high traffic flows.

Using afternoon commute traffic as the basis for the fees would mean higher rates for uses with more traffic during afternoon commutes.

Community Survey | Figuring out the Traffic Impact

Should we focus on daily traffic impact or the impact on congestion?



A slight majority of Clackamas County participants preferred to calculate traffic impact based on number of trips during rush-hour traffic.

IMPACT ON TRAFFIC RECOMMENDATION



- Continuing to use average daily trips will minimize fee changes.
- No clear preference during virtual open house or work group meetings.
- Impact of transition to using afternoon commute is difficult to gauge with other changes made.

Next Steps

August 1st Policy Session:

- **TSDC Ordinance update**
 - General Housekeeping
 - Annual Adjustment Factor
 - Credits for Eligible Improvements

September 2017 Business Meeting:

- Adoption of 2016 Methodology/Ordinance

