



M. BARBARA CARTMILL  
DIRECTOR

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

DEVELOPMENT SERVICES BUILDING

150 BEAVERCREEK ROAD OREGON CITY, OR 97045

## CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS Policy Session Worksheet

**Presentation Date:** 03/15/16    **Approx Start Time:** 10:30 am    **Approx Length:** 1 hour

**Presentation Title:** Update on 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:** Randy Young, Consultant (Henderson, Young & Company)

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

Review and comment on possible changes to the TSDC methodology currently under consideration.

### EXECUTIVE SUMMARY:

Transportation System Development Charges (TSDCs) are one-time fees charged to new development to help pay a portion of the costs associated with building transportation facilities to meet needs created by growth. Clackamas County has two unique collection areas. The Countywide TSDCs apply in unincorporated areas, and the Joint TSDCs apply in the City of Happy Valley and in specific unincorporated areas around the city.

The current TSDC rates are based on methodology established in 2006 that lists specific capital projects that increase the capacity of transportation facilities in County or City capital improvement programs. The County and City are updating the TSDC methodology to consider ways to estimate and collect TSDCs to help fund projects in, and be consistent with, goals and objectives in our updated transportation system plans.

The methodology update process is designed to:

- Consider how to best assess development in a way that would allow for projects to be funded by TSDC funds.
- Update the capital projects list.
- Update TSDC rates.
- Find ways to streamline administration of the TSDC program to simplify the process for applicants.

There are numerous options when prioritizing/refining the TSDC project list and developing SDC rates (e.g., whether to count person or vehicle trips, whether to consider PM peak hour traffic volume or average daily trips). Technical and community stakeholders are helping us review the methodologies to identify any preferred alternatives that can be used for each option.

*Table 1, TSDC Methodology Alternatives*, attached, shows the changes we are considering to our current approach.

### **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 2015/16.

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-1970's; 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. (See Attachment 2, page 2, for more details.)

### **PUBLIC/GOVERNMENTAL PARTICIPATION:**

Stakeholder involvement is critical to the success of the TSDC update process. We have convened a combined Technical and Stakeholder Working Group, made up of Clackamas County and Happy Valley staff, developers and regional commercial consultants and landowners, to help shape the TSDC process. The project team is also scheduled to meet with the Clackamas County Board of County Commissioners and Happy Valley City Council throughout the process. We will present the same information to the Happy Valley City Council in the evening on March 15, 2016.



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**OPTIONS:**

1. Direct staff to continue the update process with the Working Group to develop a project list that will be brought back to the BCC for review and comment.
2. Direct staff to revisit the options for the methodology update and provide specific components to revisit before moving forward with development of a project list.

**RECOMMENDATION:**

Staff respectfully recommends Option #1, direct staff to continue the update process with the Working Group to develop a project list that will be brought back to the BCC for review and comment.

**ATTACHMENTS:**

1. Table 1, TSDC Methodology Alternatives
2. TSDC Update Factsheet
3. TSDC Update Recommendations

**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.

**Table 1: TSDC Methodology Alternatives**

...Gray shaded areas show methodologies under consideration for updated TSDCs...

#	Methodology Component	Current Methodology	Alternative Methodology	Examples
1	<b>Modes of travel</b>	Motor vehicles only	Motor vehicles, bicycle, pedestrian and transit supportive (not transit)	Portland Issaquah, WA
2	<b>Priority of projects</b>	All potential projects	Financially constrained priority projects	Bend, Albany Kirkland, WA
3	<b>Types of projects</b>	Capacity projects	Additional capacity and enhanced level of service projects	Bend, Springfield
4	<b>Capacity costs</b>	Roads and streets for motor vehicles	Additional criteria for multimodal projects	Portland, Bend Reston, WA
5	<b>Growth costs</b>	Growth's % of future trips	Total costs less any existing deficiency cost	Portland, Bend
6	<b>Future and reimbursement projects</b>	Future and reimbursement projects	Future projects; limit reimbursement projects to those with unpaid debt	Portland
7	<b>Trip types</b>	Vehicle trips	Person trips	Portland Issaquah, WA
8	<b>Trip time of day</b>	Weekday average	P.M. peak hour	Portland, Bend
9	<b>New trips</b>	Pass-by	Diverted linked trips	Bend
10	<b>Trip length</b>	Trip length factor	No trip length adjustment	Bend
11	<b>Land use types</b>	Most types listed by ITE*	Types with statistically significant research	Monroe, WA Mercer Island, WA
12	<b>Residential development rates</b>	Flat rate for each type of residence	Rates scaled based on size of units	Tucson, AZ
13	<b>Service areas</b>	2 areas: Joint Area and balance of unincorporated County	1. Two, tiered service areas to distinguish urban and rural areas; Overlay for higher classification roadways with broader benefit, while providing for localized collection for lower classification roads. 2. Additional district if MMA** is created.	Portland Seminole County, FL
14	<b>Compliance costs</b>	Estimated	Actual	Springfield
15	<b>Adjustments for mixed use and station areas</b>	Included in County Code	Included in methodology study, referenced in County Code.	Bellingham, WA
16	<b>Indexing future TSDC rates</b>	Complex formulas	Published indices	Renton, WA

\*Institute of Transportation Engineers

\*\*Multimodal Mixed-use Area



# Clackamas Connections Project

Investing in a balanced transportation network

## Transportation System Development Charge Update Process *Fact Sheet - Winter 2016*

Clackamas County and the City of Happy Valley have begun a project to update Transportation System Development Charges (TSDCs). This is Phase 2 of a larger process called the Clackamas Connections Project. TSDCs are one-time fees assessed when a developer applies for a permit to create a new development or redevelop an existing property. These fees are used to pay for needed improvements to the transportation system caused by the additional traffic estimated to be created by the new development.

This project will update TSDC rates for two areas:

- Unincorporated areas of Clackamas County (called the Countywide TSDC district)
- Happy Valley plus its surrounding area (called the Joint Happy Valley/Clackamas County TSDC District)

### Why update TSDCs now?

In recent years, both Clackamas County and the City of Happy Valley updated their Transportation System Plans (TSPs). These Plans include project lists to improve travel by driving, walking, biking, and taking transit. The TSDC Update process will consider ways to estimate and collect TSDC fees to help fund these projects. Currently, TSDC funds can only be used to fund vehicle projects. Updating the TSDC methodology will help support the TSP goal of promoting and funding projects that benefit a wide range of travel modes.

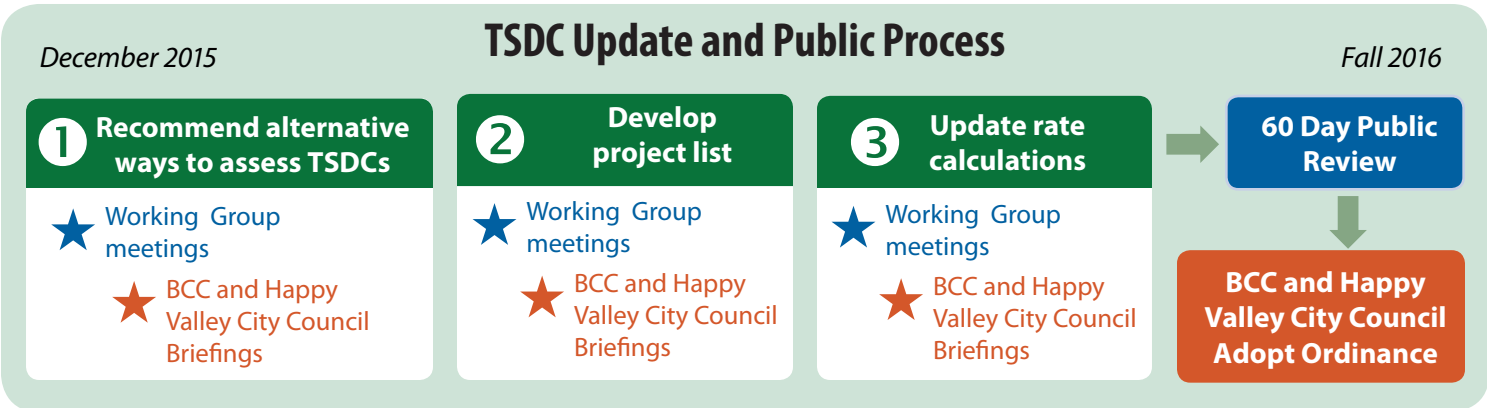
### Components of the project

This update process will

- Consider how to best assess development in a way that would allow for projects to be funded by TSDC funds.
- Update the project list.
- Update TSDC rates.
- Find ways to streamline administration of the TSDC program to simplify the process for applicants.

### Public Involvement Process

Stakeholder involvement is critical to the success of the TSDC update process. Clackamas County has convened a technical and stakeholder Working Group to provide input to help shape the TSDC process. The Working Group is comprised of staff from Clackamas County and Happy Valley, developers, and commercial interests. The project team will also meet with the Clackamas County Board of County Commissioners (BCC) and Happy Valley City Council throughout the process.



More information

[www.ClackamasConnections.org](http://www.ClackamasConnections.org)

Jimmy Thompson, Clackamas County Project Manager

503-742-4333 or [JThompson2@co.clackamas.or.us](mailto:JThompson2@co.clackamas.or.us)

Henderson,  
Young &  
Company

MEMORANDUM

TO: Clackamas County CRC Project Management Team

FROM: Randy Young  
Henderson, Young & Company  
and  
Deb Galardi  
Galardi Rothstein Group

DATE: February 16, 2016

RE: Recommended Methodology for Clackamas County and Joint Area  
TSDCs

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## **Background**

Clackamas County (County) currently has a transportation system development charge (TSDC) for unincorporated areas (Countywide TSDC), and the County and the City of Happy Valley (City) have a Joint Area TSDC (Joint Area TSDC).

The County and City seek to consider updates to their 2006 TSDC methodology in order to be consistent with the goals and objectives of the County's 2013 Transportation System Plan (TSP) and the City's 2012 TSP that is scheduled for update in early 2016. For example, the County's 2013 TSP goals and objectives support equity, accessibility, and health along with more traditional transportation goals. This is a significant change of direction, and the TSDC should be updated to support the new objectives. Examples of potential changes to TSDCs that would support the County's 2013 TSP include additional modes of travel and traveler safety.

## **What are TSDCs?**

TSDCs are one-time fees charged to new development to help pay a portion of the costs associated with building transportation facilities to meet needs created by growth. The portion of costs that may be recovered through TSDCs is based on methodology applied to a capital improvement program (CIP) that lists specific capital projects that increase capacity of transportation facilities. TSDCs are paid at the issuance of the development permit. TSDC revenue is used only

for the capital projects in the CIP or to reimburse for completed projects that were in previous CIPs and which have capacity for additional development.

TSDCs have been in use in Oregon since the mid-1970's and state legislation regarding SDCs was adopted in 1989. The purpose of the Oregon Systems Development Act (ORS 237.297 - 314) is to "...provide a uniform framework for the imposition of system development charges..." Additions and modifications to the Oregon Systems Development Act have been made in 1993, 1999, 2001, and 2003. Together, these pieces of legislation require local governments that enact SDCs to:

- Adopt SDCs by ordinance or resolution;
- Develop a methodology outlining how the SDCs were developed;
- Adopt a CIP to designate capital improvements that can be funded with "improvement fee" SDC revenues;
- Provide credit against the amount of the SDC for the construction of "qualified public improvements";
- Account for and separately report receipt and expenditure of SDC revenues, and develop procedures for challenging expenditures; and
- Use SDC revenues only for costs related to capital expenditures (operations and maintenance uses are prohibited).

The Oregon Systems Development Act provides for the imposition of two types of SDCs: (1) "improvement fee" SDCs, and (2) "reimbursement fee" SDCs. "Improvement fee" SDCs may be charged for new capital improvements that will increase capacity. An increase in capacity may result from new facilities, or from improvements to existing facilities that enhance the level of service or performance. Revenues from "improvement fee" SDCs may be spent only on capacity-increasing capital improvements identified in the required CIP that lists the timing and cost of each project. "Reimbursement fee" SDCs may be charged for the costs of existing capital facilities if "excess capacity" is available to accommodate growth.

### **Purpose of this Memo**

This memo presents the recommended methodology to be used in updating the County's TSDC and the Joint Area TSDC.

There are sixteen components to TSDCs, and there are different methodologies that can be used for each component. The memo begins with a summary table

that compares the current methodology used for each component of the 2006 TSDCs to one or more methodology alternatives that could improve the TSDC.

The memo then recommends the preferred alternative methodology for each component.

### **Summary of Current and Alternative Methodology for TSDCs**

The TSDC components of the countywide and joint area are listed in Table 1 with a summary of current and alternative methodologies for each component.

**Table 1: TSDC Methodology Alternatives**

<b>#</b>	<b>Component of TSDC Methodology</b>	<b>Current (2006) Methodology</b>	<b>Alternative Methodology</b>
<b>1</b>	<b>Modes of travel</b>	Motor vehicles only	Motor vehicles, bicycle, pedestrian and transit supportive (not transit)
<b>2</b>	<b>Priority of projects</b>	All potential projects	Financially constrained priority projects
<b>3</b>	<b>Types of projects</b>	Capacity projects	Additional capacity and enhanced level of service projects
<b>4</b>	<b>Capacity costs</b>	Roads and streets for motor vehicles	Additional criteria for multimodal projects
<b>5</b>	<b>Growth costs</b>	Growth's % of future trips	Total costs less any existing deficiency cost
<b>6</b>	<b>Future projects and reimbursement projects</b>	Future and reimbursement projects	Future projects; limit reimbursement projects to those with unpaid debt
<b>7</b>	<b>Trip types</b>	Vehicle trips	Person trips
<b>8</b>	<b>Trip time of day</b>	Weekday average	P.M. peak hour
<b>9</b>	<b>New trips</b>	Pass-by	Diverted linked trips
<b>10</b>	<b>Trip length</b>	Trip length factor	No trip length adjustment



## Methodology Alternatives for Transportation System Development Charges

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#	Component of TSDC Methodology	Current (2006) Methodology	Alternative Methodology
<b>11</b>	<b>Land use types</b>	Most types listed by ITE*	Types with statistically significant research
<b>12</b>	<b>Residential development rates</b>	Flat rate for each type of residence	Rates scaled based on size of units
<b>13</b>	<b>Service areas</b>	2 areas: Joint Area and balance of unincorporated County	1. Two-tiered service areas: Upper tier (overlay) for higher classification roads with broader benefits and lower tier for smaller service areas for localized collection for lower classification roads 2. Additional district if MMA** is created.
<b>14</b>	<b>Compliance costs</b>	Estimated	Actual
<b>15</b>	<b>Adjustments for mixed use and station areas</b>	Included in County Code	Included in methodology study, referenced in County Code.
<b>16</b>	<b>Indexing future TSDC rates</b>	Complex formulas	Published indices

\*Institute of Transportation Engineers

\*\*Multimodal Mixed-use Area

## **Recommended Methodology for TSDCs**

The following lists the recommended approach for each component of the TSDC methodology.

### **1. Modes of Travel**

**Component of TSDC Methodology:** Modes of travel included in the TSDC CIP.

**Recommended Methodology** Include motor vehicles, non-motorized (bicycle and pedestrian) travel, and transit support (bus pullouts, que jumps, and passenger shelters), but do not include transit rolling stock, rights-of-way, or stations.

### **2. Priority of Projects**

**Component of TSDC Methodology:** List of transportation capital improvement projects that are eligible, in whole or part, for TSDCs.

**Recommended Methodology** List only the projects with higher levels of priority. Additional or alternative priorities to those listed in the TSP will need to be developed by the time the TSDC project list is completed and reviewed by the Working Group.

### **3. Types of Projects**

**Component of TSDC Methodology:** Types of capital improvement projects that are funded by TSDCs.

**Recommended Methodology** Capacity projects and also projects that enhance level of service/performance through improvements of safety and/or operational capacity of roads and non-motorized travel.

#### **4. Capacity Costs**

**Component of TSDC Methodology:** Criteria that determine the capacity portion of the transportation capital improvement project cost that is eligible to be included in a TSDC. In some instances, criteria may indicate that a portion of a project may be eligible, and the remainder may not be eligible.

**Recommended Methodology** Continue current methodology of apportioning road and street project costs between capacity and non-capacity.

For example, if 80% of a \$10,000,000 project adds capacity and the other 20% does not add capacity, then  $80\% \times \$10,000,000 = \$8,000,000$  is eligible for the TSDC.

Develop additional criteria and steps for multimodal projects. Criteria are needed to determine that non-motorized and transit elements of projects provide capacity that is needed by new development.

In addition, projects that include more than one mode of travel need to have costs apportioned among the travel modes so that each mode's costs can be assigned to the amount of travel in that mode.

## 5. **Growth Costs**

**Component of TSDC Methodology:** Methodologies that determine the portion of transportation capital improvement project cost that is attributable to growth (new development).

**Recommended Methodology** A “standards-based” approach for allocating cost to growth that will charge existing development only for correcting any existing deficiency based on current performance relative to the appropriate planning/design standard for the particular improvement.

- New road capacity would not be needed unless growth occurred; therefore growth should pay the cost.
- New development is not charged for its use of existing roads.
- Existing development should not be charged for new roads that are needed only because growth occurred.

For roadways and intersections, the standard is generally a “volume-capacity ratio (v/c ratio)”. For bike and pedestrian improvements, the standard is generally the planned level of service (LOS).

## 6. **Future Projects and Reimbursement Projects**

**Component of TSDC Methodology:** Projects that are the basis for TSDCs.

**Recommended Methodology** Continue to charge TSDCs for future “improvement” projects. Limit TSDCs for “reimbursement” projects to those that must pay future debt such as bonds, loans, and/or interfund transfer loans.

Include the cost of borrowing (i.e., the interest) in the cost of the project that is reimbursed.

## **7. Trip Types**

**Component of TSDC Methodology:** Measurements of the amount of impact on transportation infrastructure by different types of development.

**Recommended Methodology** Use person trips (PT) to accurately distinguish the impacts of non-motorized travel.

- One person walking or bicycling counts as one PT.
- A motor vehicle, such as an automobile, SUV, or similar that has a driver and 2 passengers counts as 3 PT.
- A transit vehicle carrying 20 passengers counts as 20 PT.

The PT metric can be used at two distinct points in calculating TSDCs.

1. The cost of transportation improvement projects can be allocated among the modes and each mode's total cost can be divided by the total PT for that mode to calculate the cost per PT for that mode.
2. Trip generation rates can be calculated separately for each type of land use, thus supporting TSDC rates for each mode of travel.

## **8. Trip Time of Day**

**Component of TSDC Methodology:** The time of day during which traffic impacts are measured.

**Recommended Methodology** P.M. peak hour trip rates, in order to match the data from the traffic model and the resulting transportation improvements in the TSP that are needed for P.M. peak hour travel.

**9. New Trips**

**Component of TSDC Methodology:** Adjustments to trips rates for specific land uses because of “pass-by” and/or “diverted” trips.

**Recommended Methodology** Continue existing adjustments for pass-by trips.

Conduct additional research to determine whether or not to add adjustments for diverted linked trips.

**10. Trip Length**

**Component of TSDC Methodology:** Adjustments to trips rates for specific land uses because the length of trips may affect the amount of impact on roads and streets.

**Recommended Methodology** Eliminate the trip length adjustment because the data is not local, and is identical for both the County TSDC and the Joint Area TSDC.

**11. Land Use Types**

**Component of TSDC Methodology:** List of specific types of land use for which TSDC rates have been calculated.

**Alternative Methodology** Conduct further analysis to consolidate some of the 94 land use types listed in the current TSDC rate schedules.

- Overlapping or similar land use types could be consolidated.
- Land use types for which the support data is not statistically significant could be omitted.

## **12. Residential Development TSDC Rates**

**Component of TSDC Methodology:** Rates of TSDCs charged to residential development.

**Recommended Methodology** Calculate TSDC rates for residential development two ways:

1. Use the existing flat rate for each type of development.
2. Calculate rates based on the size of the dwelling unit in order to reflect the differences in trip generation from different size dwelling units.

The final choice of which methodology to use will be made after the two results are reviewed by staff, stakeholders, and elected officials. The rates for residential development will be included in the final rate table upon adoption of the new ordinance/methodology.

## **13. Service Areas**

**Component of TSDC Methodology:** Geographical area(s) subject to TSDCs.

**Recommended Methodology** Conduct additional research to consider dividing the County into more than one service area in order to reflect different functional classifications of roads, and therefore the differences in the characteristics of geographic areas within the County.

TSDCs would be the total of two calculations: one to the countywide service area for major arterials, and the second to one of the smaller areas for minor arterials and collector roads.

**14. Compliance Costs**

**Component of TSDC Methodology:** Costs incurred to comply with legal requirements for TSDCs.

**Recommended Methodology** Actual costs should be analyzed to replace the estimated compliance costs (including Transportation System Plan, CIP, SDC methodology updates, CIP management, collection of TSDCs, accounting and reporting costs).

**15. Adjustments for Mixed Use and Station Areas**

**Component of TSDC Methodology:** TSDC rate adjustments for mixed use areas and/or development near transit stations.

**Recommended Methodology** Continue the existing adjustments, but include the documentation of the adjustments in the TSDC methodology report, and cross-reference them in the Code.

**16. Indexing Future TSDC Rates**

**Component of TSDC Methodology:** Basis for revising future TSDC rates during years between updates of the methodology.

**Recommended Methodology** Replace the complex three-part index with one published index as the basis for an annual adjustment of TSDC rates.

**Conclusion**

The next update of the TSDCs for the Countywide and Joint areas should be developed using the recommended methodologies described in this memo. The most significant changes will produce TSDCs that are multimodal, prioritized, based on person trips, charged to consolidated lists of land uses, scaled to the size of residential development, use service areas that reflect the different urban and rural areas, and improve the transparency and administration of the program.