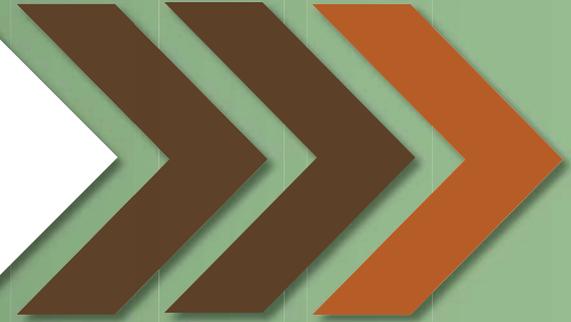




City of Tigard



Parks and Recreation Charge

Council Update
November 17, 2015



Presentation Outline

- ◆ Project purpose
- ◆ Input from last council work session
- ◆ City comparisons of taxes and fees
- ◆ Parks and Recreation Charge (PARC) modeling scenarios
- ◆ Preliminary findings of PARC and equivalent Property Tax Levy
- ◆ Project timeline

Purpose

- ◆ To identify a reliable source of revenue for parks ongoing operations and maintenance.
- ◆ Reasons for a PARC
 - Maintenance gets more expensive the longer it is deferred.
 - Other financing mechanisms (e.g., system development charges) help construct capital assets, not maintain them.
 - Expenditures increasing each year, the main source of funding for maintenance (General Fund) is a limited resource with many demands.
 - Over the last 15 years, park land has grown 66% while staffing to maintain the parks has only grown 12%.





Input from last session

- ◆ Keep it simple
- ◆ Be mindful of all other taxes and fees paid by residents
- ◆ Charge both residential and non-residential customers
- ◆ Assume annual inflation escalation
- ◆ Compare and discuss menu of rate options



Utility Rate Comparisons (FY 2014/15)

Utility Rate Comparison: 2014-15 (per single family home)

	West Linn	Gresham	Hillsboro	Tualatin	Sherwood	Beaverton	Oregon City	Tigard	Milwaukie	Wilsonville	Lake Oswego	Portland
Street/Other	\$10.83	\$7.50	\$4.64	\$3.92	\$5.53	\$0.00	\$12.26	\$6.12	\$3.35	\$4.03	\$8.44	\$1.20
Surface Water	\$5.86	\$10.09	\$6.72	\$7.64	\$26.10	\$9.25	\$9.05	\$7.25	\$16.99	\$6.95	\$12.58	\$26.56
Wastewater	\$36.08	\$27.49	\$39.61	\$42.48	\$34.73	\$42.79	\$35.52	\$40.79	\$58.97	\$72.94	\$66.37	\$76.00
Water	\$26.20	\$34.26	\$29.61	\$29.69	\$24.89	\$42.70	\$39.64	\$59.17	\$39.65	\$45.88	\$53.46	\$71.01
Total Monthly	\$78.97	\$79.34	\$80.58	\$83.73	\$91.25	\$94.74	\$96.47	\$113.33	\$118.96	\$129.80	\$140.85	\$174.77
Annual Total	\$948	\$952	\$967	\$1,005	\$1,095	\$1,137	\$1,158	\$1,360	\$1,428	\$1,558	\$1,690	\$2,097

Source: City of Lake Oswego Tax and Fee Comparison Report 2014-2015; Compiled by FCS GROUP.

❖ Tigard's Utility Bill is in the upper half of comparable cities.



Cost of Living Comparisons (FY 2014/15)

Relative Annual Cost of Living: 2014-15

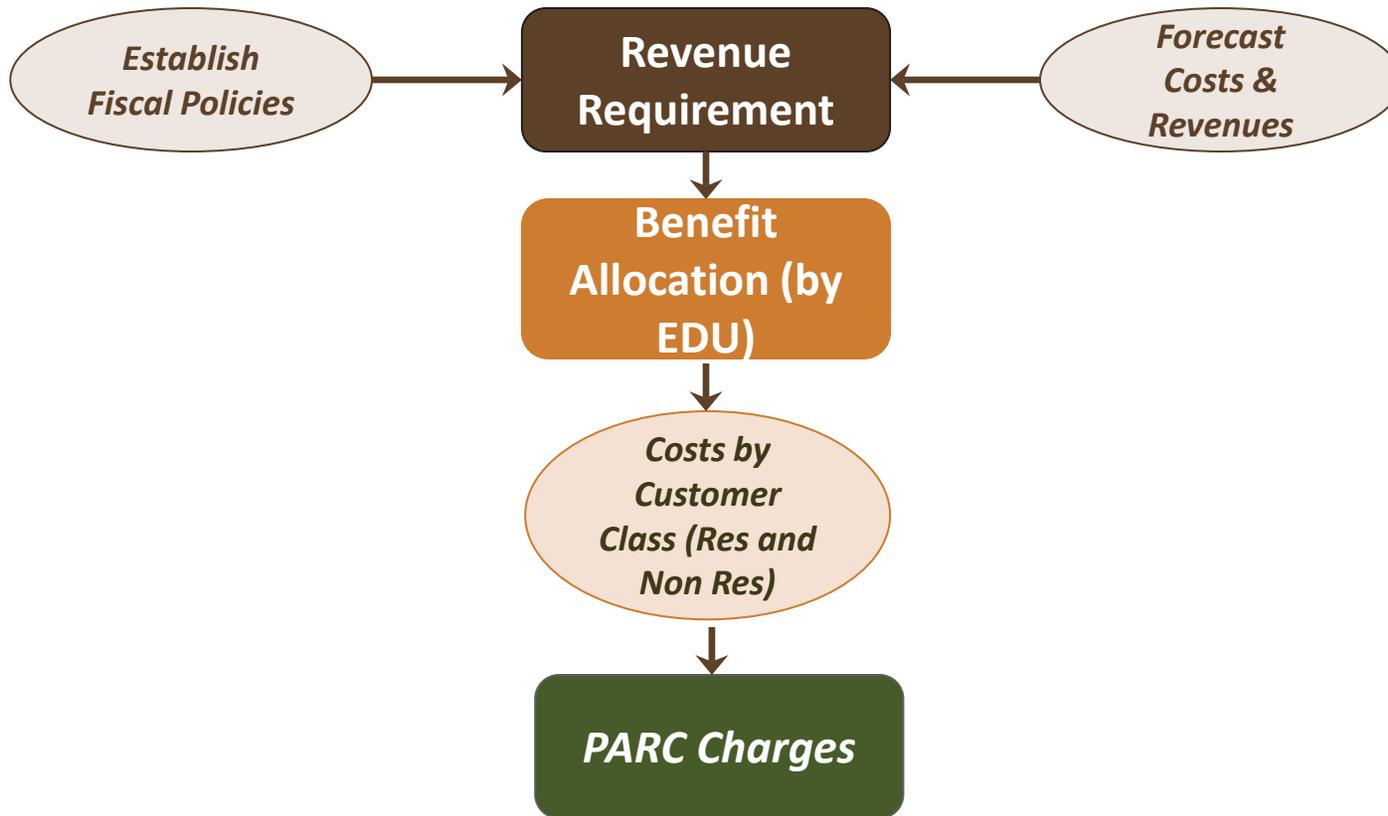
City	Population	Median Household Income	"City" Services Property Taxes	Other Local Property Taxes	Utilities Cost (from prior table)	Other Utilities Cost*	Total Cost Per Household	% of Household Income
Tualatin	26,925	\$61,250	\$1,460	\$3,893	\$1,005	\$2,499	\$8,857	14%
Gresham	106,455	\$47,147	\$1,467	\$4,036	\$952	\$2,588	\$9,044	19%
Hillsboro	95,310	\$65,158	\$1,796	\$3,830	\$967	\$2,467	\$9,061	14%
Tigard	49,140	\$61,758	\$1,607	\$3,877	\$1,360	\$2,483	\$9,328	15%
West Linn	25,540	\$84,519	\$1,465	\$4,633	\$948	\$2,511	\$9,557	11%
Oregon City	33,760	\$60,223	\$2,463	\$3,536	\$1,158	\$2,503	\$9,660	16%
Lake Oswego	37,105	\$83,625	\$1,930	\$3,696	\$1,690	\$2,483	\$9,799	12%
Sherwood	18,955	\$78,355	\$2,392	\$3,828	\$1,095	\$2,492	\$9,807	13%
Milwaukie	20,485	\$51,805	\$2,384	\$3,841	\$1,428	\$2,575	\$10,227	20%
Wilsonville	21,980	\$56,430	\$2,340	\$3,800	\$1,592	\$2,523	\$10,255	18%
Beaverton	93,395	\$56,107	\$2,652	\$4,036	\$1,137	\$2,517	\$10,341	18%
Portland	601,510	\$52,657	\$3,198	\$4,710	\$2,097	\$2,581	\$12,586	24%

Source: City of Lake Oswego Tax and Fee Comparison Report 2014-2015; Compiled by FCS GROUP.

- ❖ Tigard's total tax and utility cost is in the lower third of comparable cities; and at the mid-point as a percent of median household income.



Utility Financial Planning Process Overview





PARC Models & Scenarios

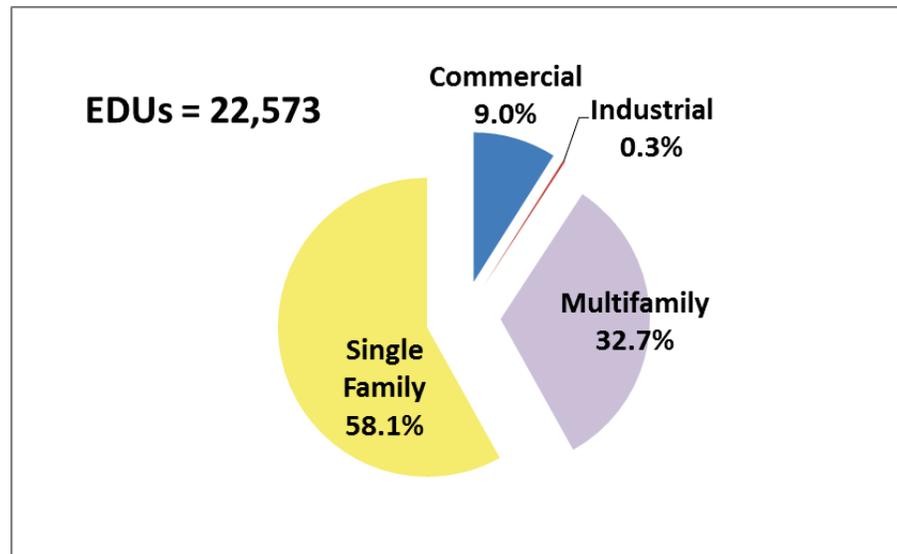
Tigard is considering combinations of 7 park service scenarios in calculating the PARC

- ◆ Current parks maintenance
- ◆ Deferred parks maintenance
- ◆ Identified capital improvement projects
- ◆ Development of current parks land inventory
- ◆ Development and maintenance of new parks (land not yet acquired)
- ◆ Introduction of a recreational program
 - revenue sources to offset expenses
- ◆ Inclusion of special community assets
 - Arts and culture
 - Stormwater programs and maintenance (in parks)



Findings: Equivalent Dwelling Units (EDUs)

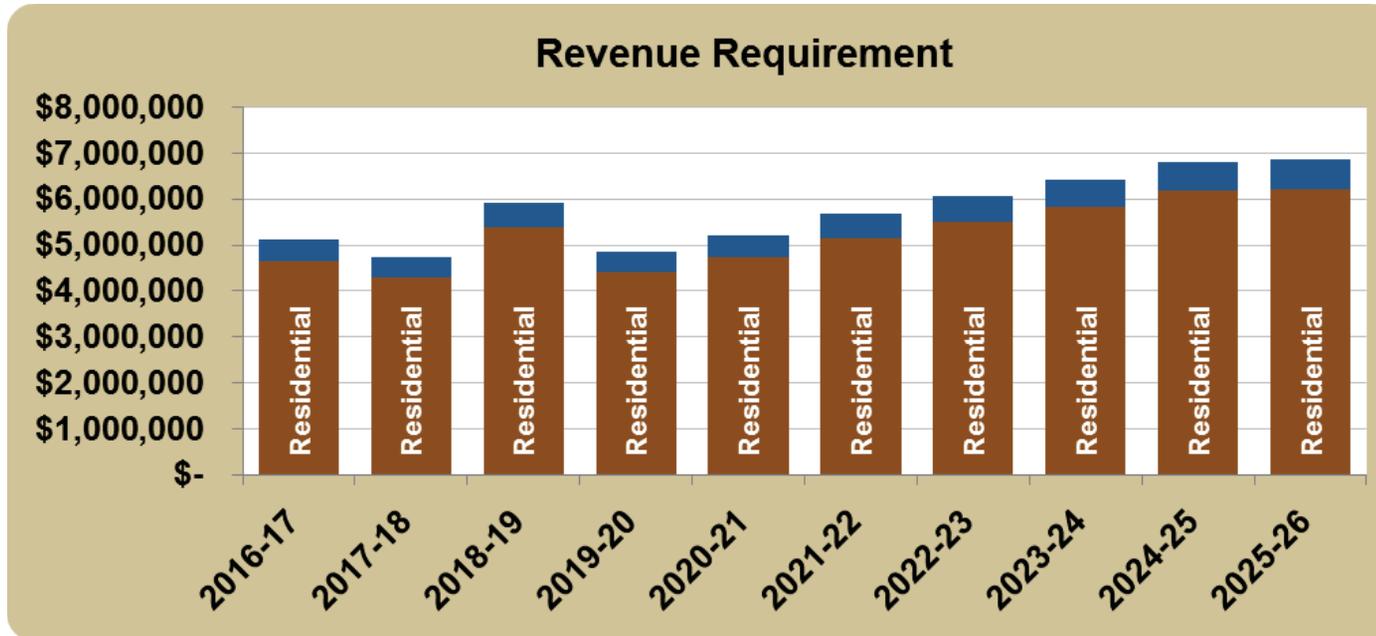
Customers in Fiscal Year 2015-16	Accounts in Fiscal Year 2015-16	Average EDUs per Account	Billable EDUs in Fiscal Year 2015-16
Residential, single-family	13,222	0.99	13,114
Residential, multi-family	587	12.56	7,373
Non-residential, commercial	916	2.22	2,029
Non-residential, industrial	13	4.38	57
Total	14,738		22,573





Findings: Revenue Requirements

All Scenarios: Revenue Requirement Forecast



- ❖ Above chart is illustrative of the funding requirements for all scenarios, showing the growth in costs and the split between residential and non-residential customers.
- ❖ Bump in FY 2018-19 is due to funding needed for Dirksen Nature Park.
- ❖ Similar information is available for each of the seven individual scenarios.



Findings: PARC Rates (draft)

Scenario Comparison	Annual Revenue per EDU FY 2016-17 (Year 1)	Monthly PARC rate per EDU, Residential*				
		FY 2016-17 Monthly Rate (Year 1)	FY 2017-18 Monthly Rate (Year 2)	FY 2020-21 Monthly Rate (Year 5)	or	Five Year Fixed Rate ¹
1. Adopted Budget	\$98.17	\$8.18	\$8.53	\$9.50		\$8.83
2. Deferred Maintenance	\$52.02	\$4.33	\$1.13	\$1.15		\$1.87
3. Fully Fund CIP Projects	\$37.82	\$3.15	\$2.22	\$0.00		\$1.92
4. Develop and Operate Current Lands	\$8.98	\$0.75	\$0.83	\$1.08		\$0.91
5. Develop and Operate New Lands	\$3.73	\$0.31	\$0.44	\$0.86		\$0.58
6. Develop Recreation Programs	\$6.75	\$0.56	\$0.67	\$2.23		\$1.38
7. Special Community Assets	\$8.89	\$0.74	\$0.76	\$0.82		\$0.78
Total	\$216.37	\$18.03	\$14.58	\$15.65		\$16.28

*Residential and Non-Residential EDUs are Charged the same amount per EDU.

¹Note that five year fixed rates/averages may cause a revenue deficiency in the first years, if expenditures in early years are higher than later years.

- ❖ Deferred Maintenance will be caught up in the first year, causing the fee to be higher in FY 2016-17. Fee is lower in following year.
- ❖ Cost escalation factors continue to increase costs through FY 2020-21.
- ❖ Five Year Fixed Rate represents the average fee over the five years and is helpful for calculating the equivalent property tax levy.



Findings: Prop. Tax Levy Comparison

Scenario Comparison	Annual Revenue per EDU FY 2016-17 (Year 1)	Equivalent Property Tax Levy**				
		Annual Mil rate, FY 2016-17	Annual Avg. Cost on \$240k home	or	Annual Mil rate, Five Year Average	Annual Avg. Cost on \$240k Home
1. Adopted Budget	\$98.17	0.4056	\$97.35		0.4418	\$106.03
2. Deferred Maintenance	\$52.02	0.2149	\$51.59		0.0937	\$22.50
3. Fully Fund CIP Projects	\$37.82	0.1563	\$37.50		0.0961	\$23.06
4. Develop and Operate Current Lands	\$8.98	0.0371	\$8.91		0.0457	\$10.96
5. Develop and Operate New Lands	\$3.73	0.0154	\$3.70		0.0291	\$6.99
6. Develop Recreation Programs	\$6.75	0.0279	\$6.69		0.0692	\$16.60
7. Special Community Assets	\$8.89	0.0367	\$8.82		0.0390	\$9.36
Total	\$216.37	0.8940	\$214.56		0.8146	\$195.50

*Residential and Non-Residential EDUs are Charged the same amount per EDU.

** Total Assessed Value in City of Tigard: \$5,838,019,224

** Average Home Assessed Value:: \$240,000

** Average annual collection factor: 94%

Source: Compiled by FCS GROUP.

In calculating the PARC, Non-Residential bears 9% of the program cost. Non-Residential represents a larger proportion of the assessed value of Tigard, creating a lower cost per average household using the property tax levy as the funding source.

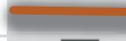


Discussion

- ◆ PARC scenarios
- ◆ Community input
- ◆ Council direction
- ◆ Locally preferred scenario(s)
- ◆ Rate model refinement



Timeline

Schedule		Sept	Oct	Nov	Dec	Jan
Task 1: Data Collection & Issues Analysis						
1.1	Data request and Project Initiation Mtg. (1)					
1.2	NW Parks Utility Fee Survey					
1.3	Parks Utility Fee Issues Analysis					
Task 2: Model Development & Operational Forecast						
2.1 - 2.9	Model Assumptions / Operational Forecast					
	City Council Workshop (10/20)					
Task 3: Allocation Recommendations & Fee Model						
3.1	Rate Design Recommendation					
3.2	Prepare Fee Model					
3.3	Prepare Rate Study Report Draft					
	City Council Workshop (11/17)					
3.3	Prepare Rate Study Report Final					
	Public Hearing					
KEY:	Meeting					
	Presentation					
	Draft and Final Report					

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