



City of Tigard

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Park Maintenance Fee

January 12, 2016



Agenda

- Background on FY 2016 Budget Decision to create a Park Maintenance Fee.
- Park Maintenance Fee Background and Policy Direction
- Park Maintenance Fee Calculation and Discussion



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Background on FY 2016 Budget Decision to Create a Park Maintenance Fee



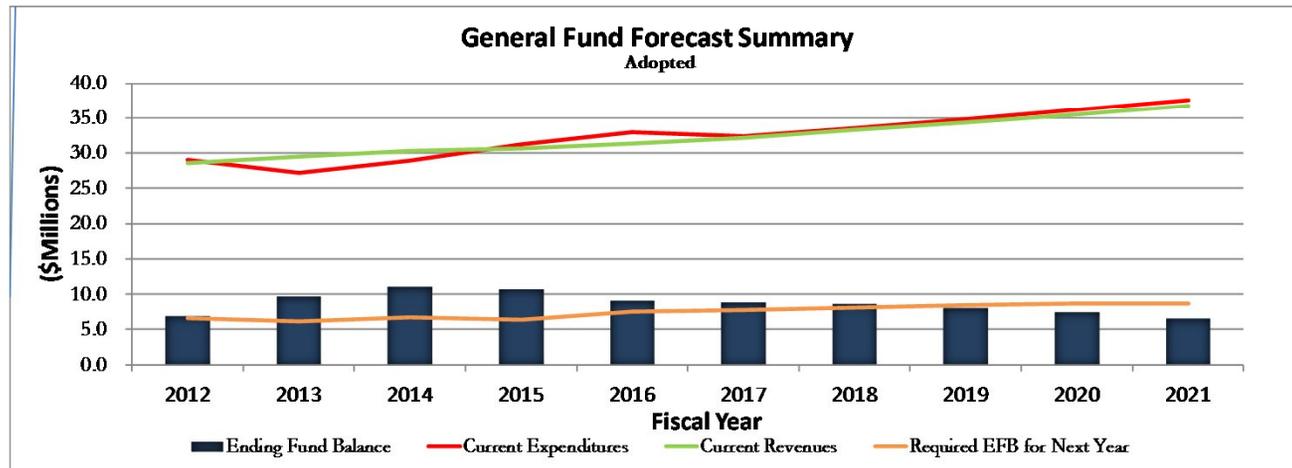
Issues Leading into FY 16

- Budget Cuts in 2010 & 2012
- Since 2009, Population up 8% and workforce down 9%
- GF Rev grows 3.5% vs. Expenses grow 4.0%
- General Fund pays for Police, Library, Community Building, and Parks

Forecast w/o Key FY 16 Decisions

General Fund Forecast Summary
(Dollars in Millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Current Expenditures	29.0	27.2	29.0	31.2	33.0	32.3	33.6	34.8	36.2	37.6
Current Revenues	28.5	29.5	30.3	30.6	31.3	32.2	33.3	34.3	35.5	36.8
Required EFB for Next Year	6.6	6.1	6.7	6.4	7.5	7.8	8.1	8.4	8.7	8.7
Ending Fund Balance	6.9	9.6	11.0	10.8	9.0	8.9	8.6	8.1	7.4	6.6



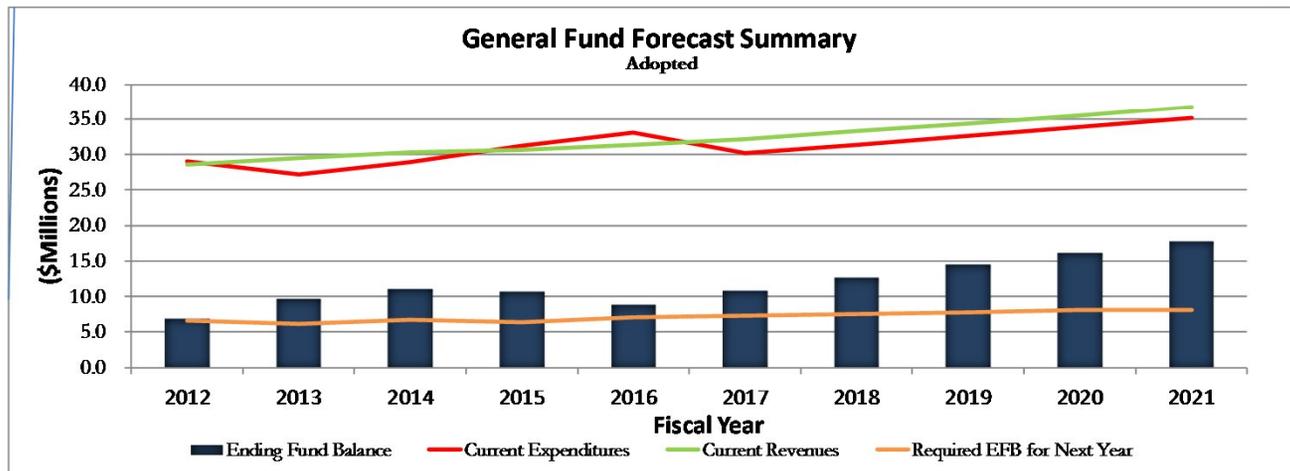
Key FY 16 Decisions

- Current Park Maintenance costs \$2.2 Million.
- During FY 16, Council will establish a Park Maintenance Fee (PMF) to fund parks in a new way.
- Starting FY 17, the \$2.2 Million of Parks Maintenance is no longer in the General Fund.

Forecast w/o Parks Maintenance in FY 17

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(Dollars in Millions)

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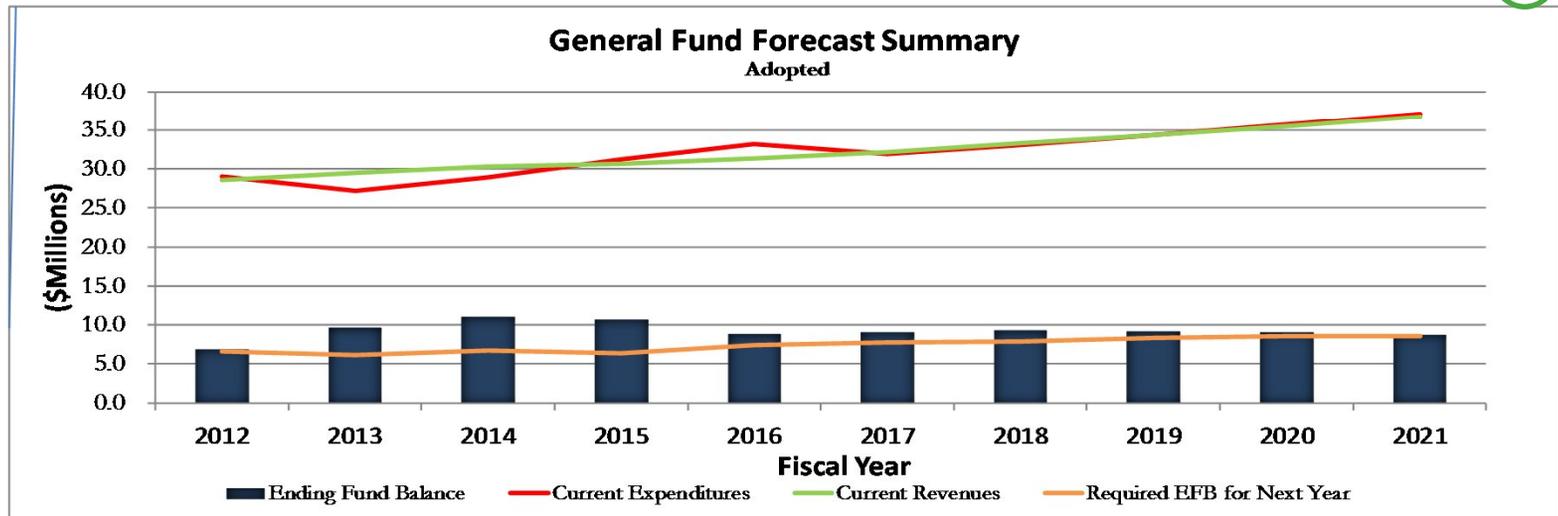
Reallocation of \$2.2 Million

- \$500K already obligated:
 - ▶ \$100K of GF already obligated for opening the Library on Thursdays.
 - ▶ Minimum of \$400K is not programmed to achieve 6-year sustainability.
- Starting FY 17, \$1.7 Million of GF that used to pay for Parks could be available.

FY 16 Adopted Forecast w/ Key Decisions

General Fund Forecast Summary
(Dollars in Millions)

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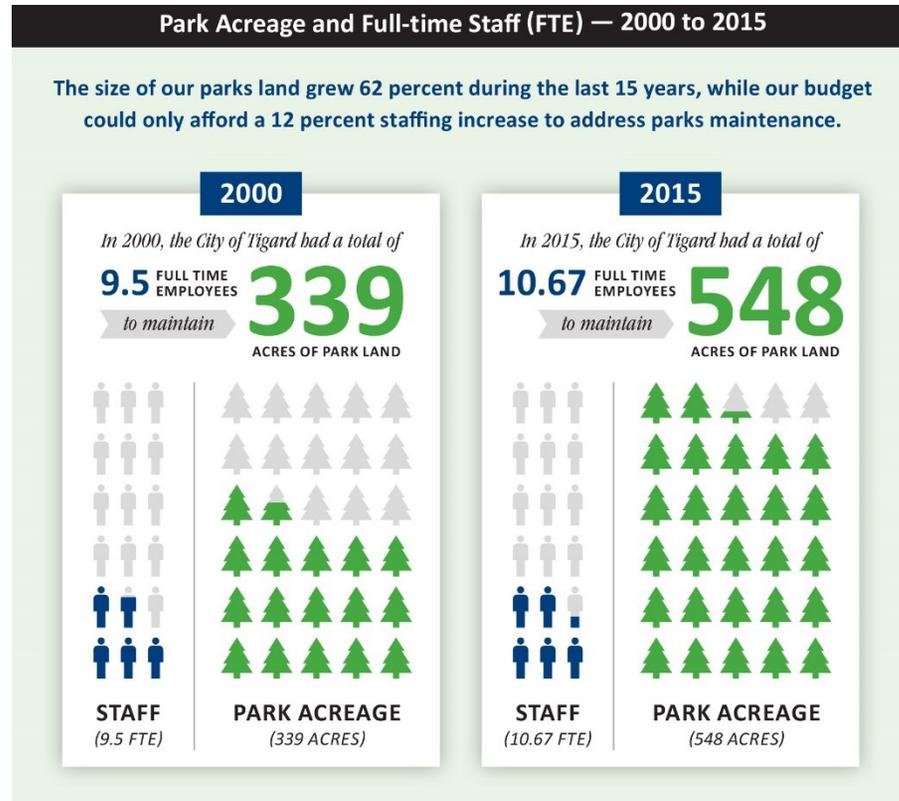
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Park Maintenance Fee Background and Policy Direction



Reasons for a PMF

- Over the last 15 years, park land has grown 66% while staffing to maintain the parks has only grown 12%.
- 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.



Background

- Purpose of PMF is to identify a reliable source of revenue for parks ongoing operations and maintenance.
- Staff and rate consultants presented seven service level scenarios to Council at prior Workshops.

Seven Service Level Scenarios

1. Current parks operations and maintenance
2. Deferred parks maintenance
3. Identified capital improvement projects
4. Development of current parks land inventory (land acquired through bond)

Seven Service Level Scenarios

5. Development and maintenance of new parks (land not yet acquired)
6. Introduction of a recreational program
7. Inclusion of special community assets
 - ▶ Arts and culture
 - ▶ Stormwater programs and maintenance (in parks)

Summary of Council Direction

- Keep fee structure simple
- Fee paid by residential and non-residential customers
- Fee based on scenarios #1 & #2 only
- Use annual average cost for the deferred maintenance scenario
- Use annual inflation factor
- Include program for low income



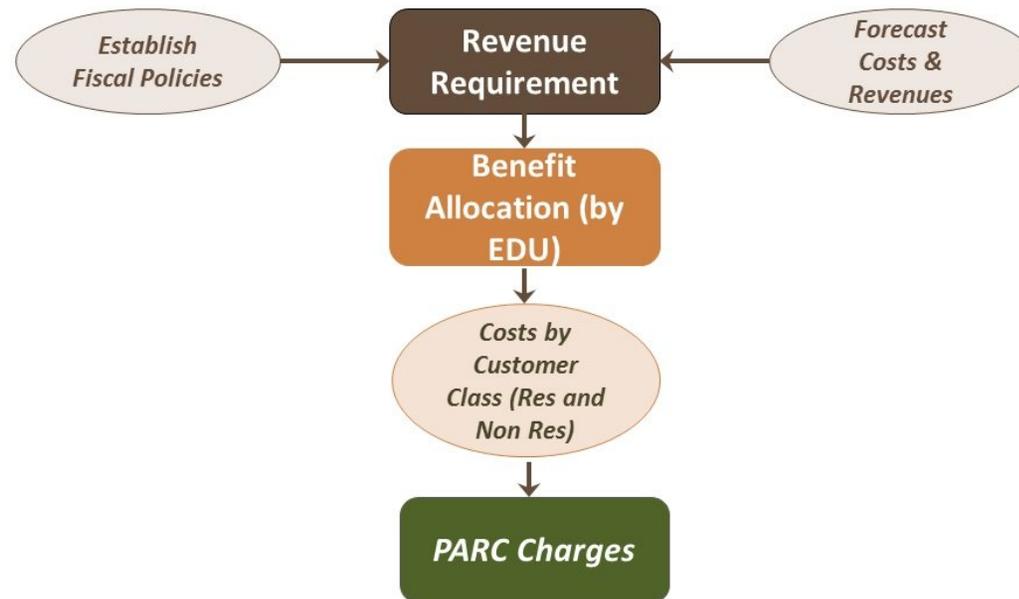
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Park Maintenance Fee Calculation



Rate Study Process



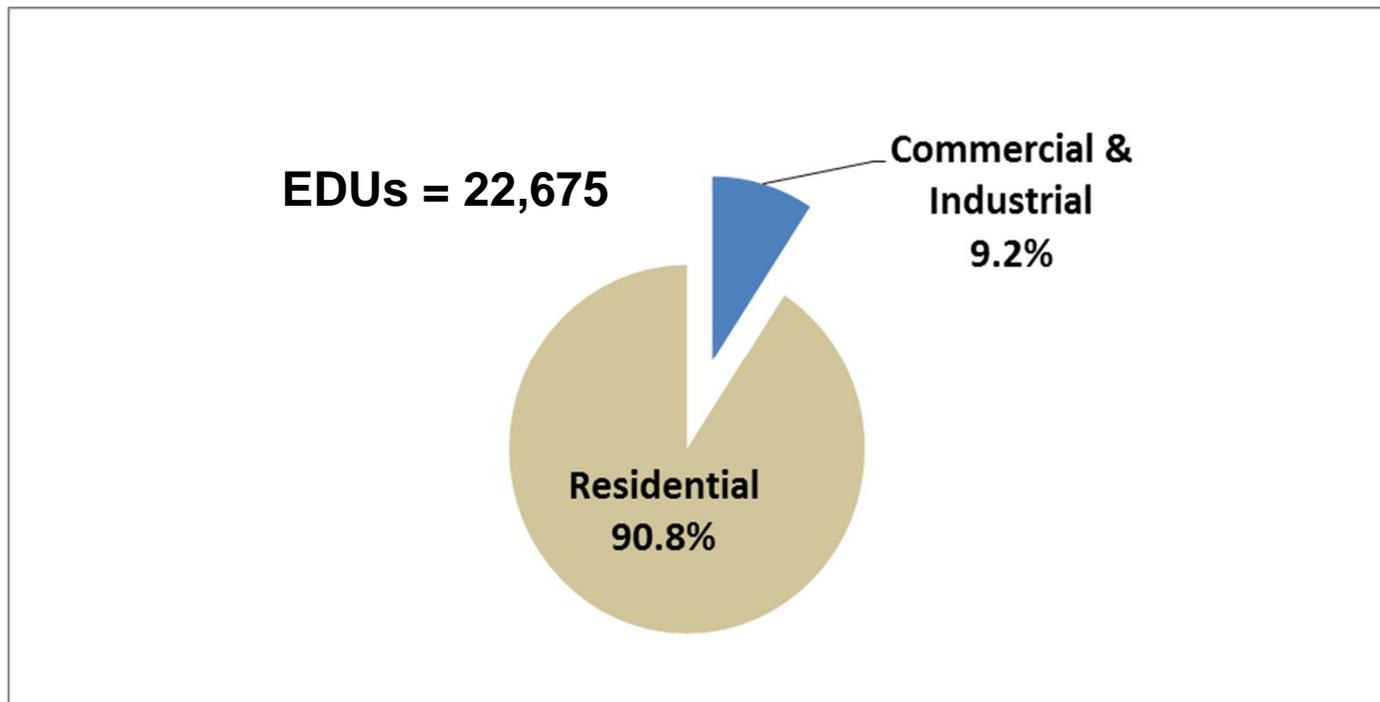
Revenue Requirement FY17

- Scenario #1: Existing Services
 - ▶ Expenses: \$2,296,001
 - ▶ Less User Fees: \$70,000
 - ▶ Revenue Required: \$2,226,001
- Scenario #2: Funding Deferred Services
 - ▶ \$514,457 in new expenses
- Total Required Revenue: \$2,740,458

Equivalent Dwelling Units

- Each occupied residential unit is an EDU
- For Commercial and Industrial:
 - ▶ 15 employees is an EDU
 - ▶ Employment Data for our area is compared to Tigard's Data on parking equivalents used for the Street Maintenance Fee to create a ratio that determine EDUs.

Equivalent Dwelling Units



Fee Calculation

- Annual Revenue Requirement / EDUs / 12 months = PMF
- \$2,740,458 / 22,675 EDUs / 12 =
- \$10.07 Park Maintenance Fee.

Annual Fee Index

Parks Utility Rate Indices Years 1-5		
Year of Implementation	Annual Rate	Weights
Personnel	4.80%	0.6
Services/Utilities	3.00%	0.25
Materials/Internal Services	4.20%	0.15
Weighted Average	4.26%	

Source: City of Tigard and FCS GROUP; based on estimated expenditures.

Low Income Program

- Similar to program for water bill relief
- Available for rate payers with income at, or below, 50% of Oregon median income.
- Renewable annually
- Amount of discount for Council decision.
- May require future PMF increase to fund.

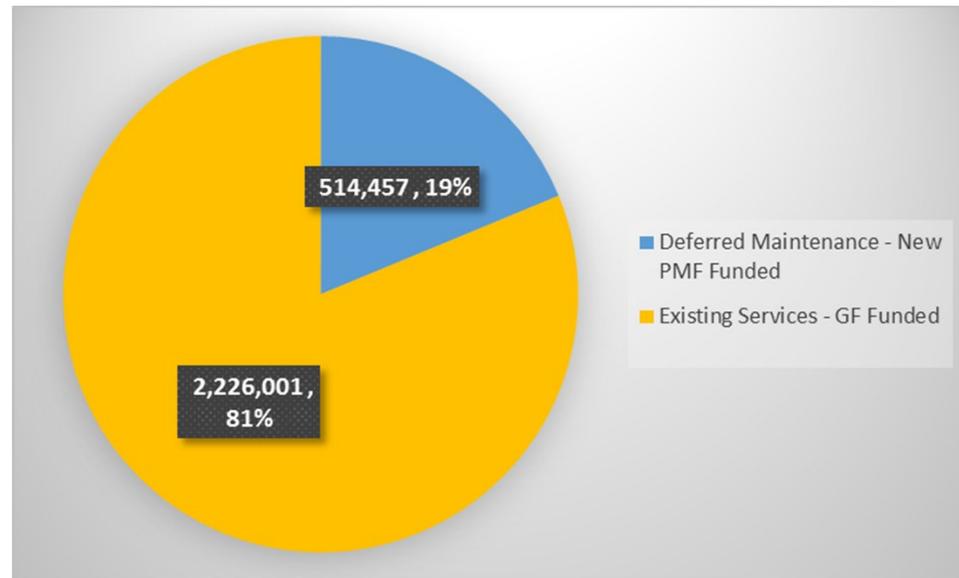
Phase-in Consideration

The PMF serves two purposes:

1. Funding \$2,740,458 of Park Services, and
2. Enabling the reallocation of \$2,226,001 of General Fund that used to fund existing park services to other needed GF services.

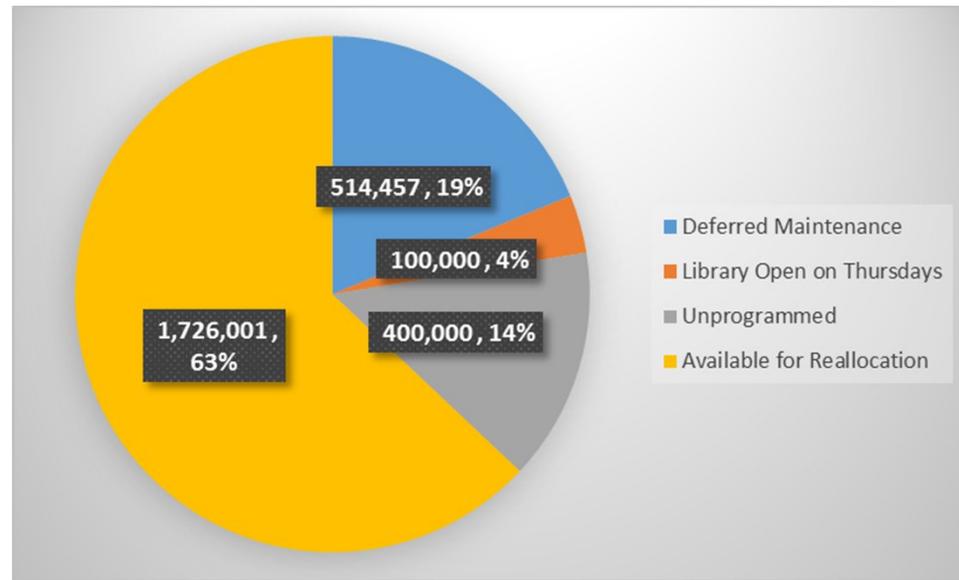
Phase-in Consideration

Components of \$2,740,458 in Revenue Generated for Parks Services by PMF.



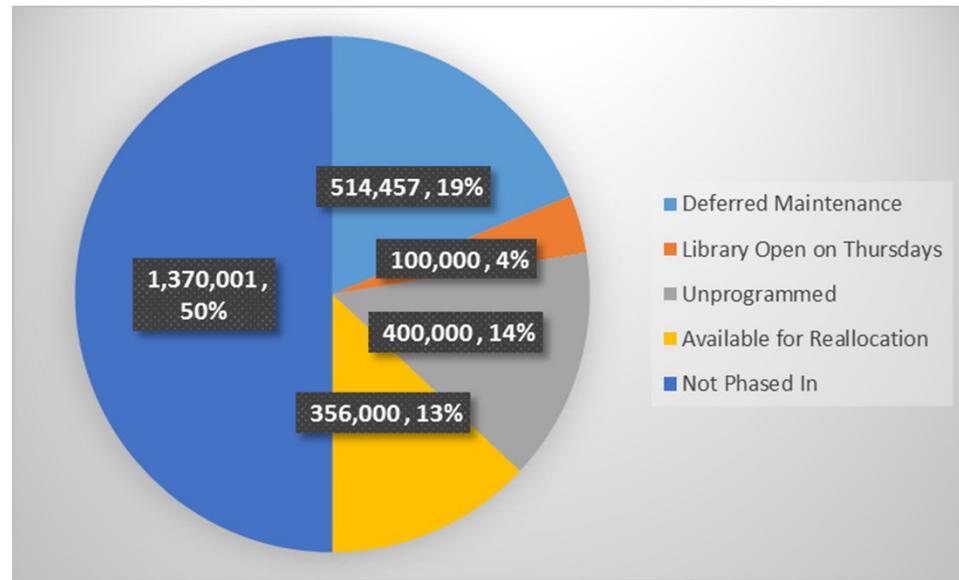
Phase-in Consideration

At least 37% of the PMF must be implemented to fund Deferred Maintenance, Library, and Unprogrammed set-aside



Phase-in Consideration

With a 50% initial phase in of the PMF, \$356K of GF is made available for reallocation during the FY17 budget process.



Council Consideration

- Determine whether or not to implement a PMF
- Passage of TMC 3.70
- Determine amount, phase-in, and timing of PMF
- Include Index
- Amount of Low Income Discount