



City of Tigard

Tigard Workshop Meeting – Agenda

TIGARD CITY COUNCIL

MEETING DATE AND TIME: January 21, 2014 - 6:30 p.m.

MEETING LOCATION: City of Tigard - Town Hall - 13125 SW Hall Blvd., Tigard, OR 97223

PUBLIC NOTICE:

Times noted are estimated.

Assistive Listening Devices are available for persons with impaired hearing and should be scheduled for Council meetings by noon on the Monday prior to the Council meeting. Please call 503-639-4171, ext. 2410 (voice) or 503-684-2772 (TDD - Telecommunications Devices for the Deaf).

Upon request, the City will also endeavor to arrange for the following services:

- Qualified sign language interpreters for persons with speech or hearing impairments; and
- Qualified bilingual interpreters.

Since these services must be scheduled with outside service providers, it is important to allow as much lead time as possible. Please notify the City of your need by 5:00 p.m. on the Thursday preceding the meeting by calling: 503-639-4171, ext. 2410 (voice) or 503-684-2772 (TDD - Telecommunications Devices for the Deaf).

VIEW LIVE VIDEO STREAMING ONLINE:

<http://live.tigard-or.gov>

Workshop meetings are cablecast on Tualatin Valley Community TV as follows:

Replay Schedule for Tigard City Council Workshop Meetings - Channel 28

- Every Sunday at 7 a.m.
- Every Monday at 1 p.m.
- Every Wednesday at 2 p.m.
- Every Thursday at 12 p.m.
- Every Friday at 3 p.m.

SEE ATTACHED AGENDA



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6:30 PM

- **EXECUTIVE SESSION:** The Tigard City Council may go into Executive Session. If an Executive Session is called to order, the appropriate ORS citation will be announced identifying the applicable statute. All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions, as provided by ORS 192.660(4), but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.
1. WORKSHOP MEETING
 - A. Call to Order- City Council
 - B. Roll Call
 - C. Pledge of Allegiance
 - D. Council Communications & Liaison Reports
 - E. Call to Council and Staff for Non-Agenda Items
 2. SECOND QUARTER MEETING WITH THE BUDGET COMMITTEE
 3. RIVER TERRACE FINANCE PROGRESS UPDATE AND DISCUSSION
 4. COUNCIL LIAISON REPORTS
 5. NON AGENDA ITEMS
 6. **EXECUTIVE SESSION:** The Tigard City Council may go into Executive Session. If an Executive Session is called to order, the appropriate ORS citation will be announced identifying the applicable statute. All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions, as provided by ORS 192.660(4), but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.
 7. ADJOURNMENT

AIS-1506

2.

Workshop Meeting

Meeting Date: 01/21/2014

Length (in minutes): 75 Minutes

Agenda Title: Second Quarter Budget Committee meeting

Prepared For: Toby LaFrance

Submitted By: Liz Lutz, Financial and Information Services

Item Type: Joint Meeting-Board or Other Juris. **Meeting Type:** Council Workshop Mtg.

Public Hearing No

Newspaper Legal Ad Required?:

Public Hearing Publication

Date in Newspaper:

Information

ISSUE

This meeting is to inform the Budget Committee of the city's financial status for the second quarter of FY 2014, as well as hear reports from citizen committees regarding the Capital Improvement Plan prioritization process.

STAFF RECOMMENDATION / ACTION REQUEST

No action is required. Staff will be presenting a status report.

KEY FACTS AND INFORMATION SUMMARY

The FY 2014 budget was approved by the Budget Committee on May 6, 2013. The budget was adopted by City Council with technical adjustments on June 11, 2013.

At this meeting, staff will provide the following:

1. Receive reports pertaining to the CIP prioritization process from citizen committees, TTAC, CCAC, PRAB.
2. Present the second quarter financial report for FY 2014.
3. Outline the preliminary General Fund five year forecast and budget guidelines provided to departments as they develop their FY 2015 budget requests.

OTHER ALTERNATIVES

N/A

COUNCIL OR CCDA GOALS, POLICIES, MASTER PLANS

Financial Stability

DATES OF PREVIOUS CONSIDERATION

N/A

Fiscal Impact

Cost: N/A

Budgeted (yes or no): N/A

Where Budgeted (department/program): N/A

Additional Fiscal Notes:

Not applicable

Attachments

CIP Memo

FY 2015-19 CIP Rankings



City of Tigard Memorandum

To: Marty Wine, City Manager
From: Carissa Collins, Sr. Management Analyst
Re: FY 2015-19 CIP Rankings
Date: December 17, 2013

Attached are the final rankings for the FY 2015-19 Capital Improvement Program (CIP) along with comments provided by citizen members.

Based on council direction, a list of projects for both the transportation and parks system was submitted to the Tigard Transportation Advisory Committee (TTAC), Parks and Recreation Advisory Board (PRAB), and the City Center Advisory Commission (CCAC).

TTAC prioritized all street projects. PRAB ranked the parks projects and the CCAC provided input on those transportation and parks projects related to downtown. Each citizen board was given the opportunity to rank projects that were on the original project list but were not recommended by staff. The Main Street Bridge Painting/Rehabilitation project was the only project that was added by CCAC and was ranked by this group.

Water and stormwater projects were only ranked by staff. No sewer projects were submitted. A generic River Terrace project was added to each system as a placeholder for projects that are being identified as part of the community plan.

The attached matrix shows each group score in green. The weighted scores are in yellow, and the red column shows the final ranking for each project. Scores provided by citizen boards were given equal weight as staff scores. Each system includes those projects in the current five-year CIP. Projects that were prioritized are in bold. Those projects that were not prioritized are considered unfunded and are grayed out.

The final list of projects will be presented to City Council and discussed at the January 21, 2014 workshop. The chair from TTAC, PRAB, and CCAC will be at this meeting to discuss their group's recommendations of the top five projects.

If you have any questions, please feel free to contact me at x2643. Thank you.

cc:
Kenny Asher
Mike Stone
Brian Rager
Kim McMillan
John Goodrich
Toby LaFrance

FY 2015-19 Capital Improvement Program
Priority Rankings

System	Project Name	Staff Team Rating	TTAC Rating	CCAC Rating	PRAB Rating	Staff Weighted Score	TTAC Weighted Score	CCAC Weighted Score	PRAB Weighted Score	Weighted Score	Final Rankings
Streets											
Current	Pavement Management Program										
Current	Walnut St Improvements - 116th Ave to Tiedeman & 135th Ave Intersection										
Current	Citywide Pedestrian & Cyclist Improvements										
Current	Pacific Highway/Gaarde Street/McDonald Street Improvements										
Current	72nd Avenue/Dartmouth Street Intersection Improvement										
Current	92nd Avenue Sidewalk (Waverly Dr. to Cook Park)										
Current	Main Street/Green Street Retrofit										
Current	Main Street/Green Street Improvements - Phase 2										
Current	Tiedeman Avenue Sidewalk (Tigard St. to Greenburg Rd.)										
Current	Update Transportation System Plan for River Terrace										
Current	Tigard Transportation SDC										
Current	Upper Boones Ferry Rd/Durham Adaptive Signal Coordination										
	LARGE PROJECTS										
Unfunded	Hall/McDonald Intersection Improvements Left-Turn Lane; Right-Turn onto westbound McDonald; Extend left-turn lane northbound McDonald St.)	27.0	41.4	0.0		13.5	20.7	0.0		34.2	1
Unfunded	Tiedeman/Greenburg Rd./N. Dakota Intersection Improvements	27.0	36.0	0.0		13.5	18.0	0.0		31.5	2
Unfunded	72nd Avenue Improvements (Dartmouth St. to Pacific Hwy)	31.0	30.6	0.0		15.5	15.3	0.0		30.8	3
Unfunded	Tiedeman/N. Dakota/Tigard St. Realignment	21.0	39.6	0.0		10.5	19.8	0.0		30.3	4
Unfunded	Walnut Street (Tiedeman to Pacific Hwy)	26.0	32.4	0.0		13.0	16.2	0.0		29.2	5
Unfunded	121st Avenue (Walnut to Gaarde) & Complete 121st (Whistler to Tippitt St.)	27.0	30.6	0.0		13.5	15.3	0.0		28.8	6
Unfunded	N. Dakota St. Bridge Replacement	25.0	30.6	0.0		12.5	15.3	0.0		27.8	7
Unfunded	Wall Street - Hunziker to Tech Center Drive	26.0	18.0	0.0		13.0	9.0	0.0		22.0	8
New	Ash St. crossing of the WES Rail Line	25.0	14.4	18.8		8.3	4.8	6.2		19.3	9
Unfunded	Main Street Bridge Painting/Rehabilitation	0.0	0.0	34.5		0.0	0.0	11.5		11.5	10
	SMALL PROJECTS										
New	Commercial Street Extension (Lincoln to 95th) - Phase 2	24.0	32.4	40.5		8.0	10.8	13.5		32.3	1
Unfunded	Hall Blvd Sidewalks (Bonita Rd. to Durham Rd.)	27.0	37.8	31.5		9.0	12.6	10.5		32.1	2
Unfunded	Commercial St. Sidewalk (Lincoln to Main)-Phase 1	25.0	37.8	0.0		12.5	18.9	0.0		31.4	3
New	Hall Blvd / Pfaffle St - New Traffic Signal	23.0	37.8	0.0		11.5	18.9	0.0		30.4	4
New	Murdock St. Sidewalk (103rd to Tuality Middle School)	27.0	32.4	0.0		13.5	16.2	0.0		29.7	5
New	Hall Blvd Sidewalk (Burnham St. to South of Bonita)	23.0	32.4	31.5		7.7	10.8	10.5		29.0	6
New	98th Avenue (Commercial to Greenburg Rd)	24.0	30.6	0.0		12.0	15.3	0.0		27.3	7
New	Hunziker St. Sidewalk (Hall Blvd to 72nd Ave)	23.0	30.6	0.0		11.5	15.3	0.0		26.8	8
New	98th Avenue Sidewalk (Murdock to Sattler)	27.0	30.6	18.0		9.0	10.2	6.0		25.2	9
New	100th Avenue Sidewalk and/or Speed Humps (McDonald to Murdock)	24.0	25.2	0.0		12.0	12.6	0.0		24.6	10
New	North Dakota St. Sidewalk (Greenburg Rd to Fanno Creek Trail)	26.0	21.6	0.0		13.0	10.8	0.0		23.8	11
Unfunded	Tiedeman Avenue Sidewalk (Tigard St. to Greenburg Rd.)	26.0	21.6	0.0		13.0	10.8	0.0		23.8	11
New	Tigard Street (Gallo Ave. to Fanno Creek Trail)	24.0	23.4	0.0		12.0	11.7	0.0		23.7	12

FY 2015-19 Capital Improvement Program
Priority Rankings

System	Project Name	Staff Team Rating	TTAC Rating	CCAC Rating	PRAB Rating	Staff Weighted Score	TTAC Weighted Score	CCAC Weighted Score	PRAB Weighted Score	Weighted Score	Final Rankings
New	Ash Ave. Sidewalk (Fanno Creek to McDonald)	23.0	23.4	18.0		7.7	7.8	6.0		21.5	13
New	78th Avenue Sidewalk (Pfaffle to Spruce St)	23.0	19.8	0.0		11.5	9.9	0.0		21.4	14
Unfunded	River Terrace Capital Improvement Projects - Transportation	0.0	0.0	0.0		0.0	0.0	0.0		0.0	15
New	Hall Boulevard Sidewalk Improvements (Pacific Hwy to Durham)										
New	Tigard Street Bicycle/Sidewalk Improvements (Downtown to Dirksen Nature Park)										
New	Tigard Street (Dirksen Nature Park frontage)										
New	72nd Avenue Sidewalks on eastside (Gonzaga to Hampton)										
New	Bonita Road/Sequoia Parkway Intersection Improvements										
New	Greenburg Road (Tiedeman to Hwy 217)										
New	McDonald St. Widening (Pacific Hwy to Hall Blvd)										
New	Upper Boones Ferry Road and Carman Drive (Durham to Sequoia)										
New	72nd Ave. / Hwy 217 Interchange										
New	Pacific Hwy /Walnut St. Intersection Improvements										
New	Pacific Hwy /Durham Rd. Intersection Improvements										
New	Durham Road Widening (Upper Boones Ferry Rd to Pacific Hwy)										
New	Durham Road Widening (Upper Boones Ferry to Hall Blvd.)										
New	Bonita Road Widening (72nd Ave. to Hall Blvd.)										
Unfunded	Scoffins/Hall/Hunziker Realignment										
Unfunded	72nd Ave. Improvements (Hwy 217 to Elmhurst St.)										
Unfunded	72nd Ave. Sidewalks (Hwy 217 to Bonita Rd)										
Unfunded	Bull Mountain/Benchview/139th Roundabout										
Unfunded	Greenfield Dr (North of Bull Mtn. Road and across ravine)										
Unfunded	Park St Sidewalk (Pacific Hwy to Watkins)										
Unfunded	Improve Warner Street (Pacific Hwy North to end)										
Unfunded	Watkins Sidewalk (Park to Walnut)										
Parks											
Current	East Butte Heritage Park Development										
Current	Fanno Creek House										
Current	Dirksen Nature Park (formerly Summer Creek Park)										
Current	Tree Canopy Replacement Program										
Current	Jack Park										
Current	Fanno Creek Trail-Main Street to Grant Ave										
Current	Park Land Acquisition										
Current	Park Land Development										
Current	Downtown Land Acquisition										
Current	Downtown Park Improvements										
Current	Tigard Street Trail & Community Plaza										
Current	COT-TTSD Park Development Partnership										

FY 2015-19 Capital Improvement Program
Priority Rankings

System	Project Name	Staff Team Rating	TTAC Rating	CCAC Rating	PRAB Rating	Staff Weighted Score	TTAC Weighted Score	CCAC Weighted Score	PRAB Weighted Score	Weighted Score	Final Rankings
Current	Damaged Tree Replacement Program										
Current	Fanno Creek Trail (Grant Ave to Woodard Park)										
Current	Update the Parks Master Plan for River Terrace										
Current	Parks System Development Charge Update										
Current	Senn Park										
Current	East Bull Mountain										
Current	Potso Dog Park										
Current	Summer Lake Park										
Unfunded	Fanno Creek Trail Bridge Replacement (CWS Re-meander)	27.0	n/a	39.0	36.0	9.0	n/a	13.0	12.0	34.0	1
New	Fanno Creek Trail (Library to Bonita Rd.)	22.0	n/a	30.0	40.5	7.3	n/a	10.0	13.5	30.8	2
New	Fanno Creek Trail (Bonita Rd. to Durham Rd.)	22.0	n/a	30.0	40.5	7.3	n/a	10.0	13.5	30.8	3
Unfunded	Tigard Street Trail & Community Plaza	0.0	n/a	42.0	29.3	0.0	n/a	14.0	9.7	23.7	4
Unfunded	River Terrace Capital Improvement Projects - Parks	0.0	n/a	0.0	31.5	0.0	n/a	0.0	15.8	15.8	5
Unfunded	Bonneville Power/Westside Trail - (Barrows to Bull Mountain Road)	0.0	n/a	0.0	29.3	0.0	n/a	0.0	14.6	14.6	6
New	Area 64 Community Park	28.0	n/a	0.0	0.0	14.0	n/a	0.0	0.0	14.0	7
Unfunded	Downtown Clock Tower	17.0	n/a	7.5	11.3	5.7	n/a	2.5	3.8	12.0	8
Unfunded	Turf Fields at Community Parks	0.0	n/a	0.0	18.0	0.0	n/a	0.0	9.0	9.0	9
Unfunded	Pacific Hwy at Hall Blvd. Gateway (Flagpole)	0.0	n/a	0.0	15.8	0.0	n/a	0.0	7.9	7.9	10
New	Expand the Tigard Trail System into the Tigard Triangle	0.0	n/a	0.0	6.8	0.0	n/a	0.0	3.4	3.4	11
Unfunded	Tigard Triangle Area (P3)	0.0	n/a	0.0	6.8	0.0	n/a	0.0	3.4	3.4	11
General Capital Facilities											
Current	Permit Center/Police/City Hall Exterior Walls										
Unfunded	Decommission Ash St. Yard (Interim)-Relocation of Public Works Facility	29.0	n/a	n/a	n/a	29.0	n/a	n/a	n/a	29.0	1
New	Remodel Red Rock Creek conference room	16.0	n/a	n/a	n/a	16.0	n/a	n/a	n/a	16.0	2
New	Expansion of CR-4 including closets and external entrance	16.0	n/a	n/a	n/a	16.0	n/a	n/a	n/a	16.0	2
Unfunded	Library Soil Removal										
Unfunded	Library Automated Materials Handling System										
Water											
Current	Water Meter Replacement Program										
Current	Water Main Line Oversizing										
Current	Aquifer Storage & Recovery Well # 3										
Current	Lake Oswego - Tigard Water Partnership										
Current	Water Line Replacement Program										
Current	Fire Hydrant Replacements Program										
Current	Main Street Waterline Replacement										
Current	Pipeline Connecting 550 Zone to 530 Zone										
Current	Annual Fire Flow Improvement Program										
Current	Johnson Street Waterline Replacement										
Current	New Water Source Systemwide Improvements										

FY 2015-19 Capital Improvement Program
Priority Rankings

System	Project Name	Staff Team Rating	TTAC Rating	CCAC Rating	PRAB Rating	Staff Weighted Score	TTAC Weighted Score	CCAC Weighted Score	PRAB Weighted Score	Weighted Score	Final Rankings
Current	Barrows/Scholls Ferry 18" Water Line Extensions (River Road)										
Current	Pacific Highway/Gaarde Utility Casing Bore Crossing										
Current	Water Master Plan Update for River Terrace										
Current	Tigard High School Well Abandonment										
Current	Waterline Restoration-Black Bull Property										
New	Red Rock Creek Relocation 12" Waterline	24.0									1
Unfunded	River Terrace Capital Improvement Projects - Water	0.0									2
Stormwater											
Current	Storm Drainage Major Maintenance										
Current	Copper Creek Bank Stabilization										
Current	Stormwater Master Plan Update for River Terrace										
Current	Slope Stabilization (Derry Dell Creek at 118th Avenue)										
Current	Walnut St. Culver Improvement (Derry Dell/Fanno Creek)										
Unfunded	Storm Rehabilitation (South of Main Street Bridge)	32.0								32.0	1
Unfunded	Storm Facility Replacement (Greenfield Drive near Pine View)	28.0								28.0	2
Unfunded	Ridgefield WQ Facility Repair/Stabilization	25.0								25.0	3
Unfunded	Canterbury Storm Drain Upgrade (106th to Pacific Hwy)	23.0								23.0	4
Unfunded	Burlcrest Dr. (Summer Crest to 121st Ave.)	23.0								23.0	4
Unfunded	River Terrace Capital Improvement Projects - Stormwater	0.0								0.0	5
Sanitary Sewer											
Current	Citywide Sanitary Sewer Extension Program										
Current	Sanitary Sewer Major Maintenance Program										
Current	Fanno Creek Slope Stabilization (Arthur Court)										
Current	Derry Dell Creek & Sewer Interceptor Relocation										
Current	Main Street Sewer/Fanno Creek Crossing Elimination										
Current	128th Ave/Shore Dr Sewer Replacement										
Current	East Tigard Sewer Replacement										
Current	Benchview Creek Sewer Stabilization										
Current	Dartmouth Street Sewer Repair										
Current	Sewer Rehabilitation Program										
Current	72nd Ave Sewer Replacement at Bonita Rd										
Current	Sewer Master Plan Update for River Terrace										
Current	Community Tree Planting										
Current	Barrows/Scholls Ferry 21" to 24" Sanitary Sewer Line Extensions (River Road)										
Current	Red Rock Creek / Slope Stabilization										
Unfunded	River Terrace Capital Improvement Projects - Sanitary Sewer										

	Project Name	TTAC Rating	TTAC Ranking	Comments
Streets				
LARGE PROJECTS				
	Hall/McDonald Intersection Improvements Left-Turn Lane; Right-Turn onto westbound McDonald; Extend left-turn lane northbound McDonald St.)	23	1	*Traffic volume and crashes are high here. *Major contributor to Hall Blvd congestion *The City of Tigard and local residents would really benefit with this so close to library ... *I drive this often and I see the back-up that occurs. It would improve traffic on Hall as well.
	Tiedeman/N. Dakota/Tigard St. Realignment	22	2	*Some solution to the North Dakota Bridge must be done, there is no safe way for pedestrian or bikes to get through this area. Car crashes are too high. *This would be a great place to fix. But needs to be a comprehensive plan and not a bandaid.
	121st Avenue (Walnut to Gaarde) & Complete 121st (Whistler to Tippitt St.)	21	3	*Clear need, response to public concerns. *Major connector with some sharp curves which are dangerous for foot traffic. The area would definitely benefit from this improvement.
	Tiedeman/Greenburg Rd./N. Dakota Intersection Improvements	20	4	*Some solution to the North Dakota Bridge must be done, there is no safe way for pedestrian or bikes to get through this area. Car crashes are too high. *Large number of crashes, Greenburg road a major connector *This would be a great place to fix. But needs to be a comprehensive plan and not a bandaid.
	Walnut Street (Tiedeman to Pacific Hwy)	18	5	*Both Fowler and Charles F. Tigard school kids walk and cross this part of Walnut. I'm not sure if the 99 & Walnut St. intersection needs an upgrade but bike land and sidewalks surely are. *Sensible to complete what is already started, increase safety for cyclists/peds. *Is an interesting idea but for me, it requires too much right-of-way of properties.
	72nd Avenue Improvements (Dartmouth St. to Pacific Hwy)	17	6	*Area already committed to development which will increase traffic, project fits well with others in this area. Safety for peds and cyclists a critical issue. *Low housing density; not a lot of foot traffic; mostly used as a route to get somewhere else.
	N. Dakota St. Bridge Replacement	17	7	*Some solution to the North Dakota Bridge must be done, there is no safe way for pedestrian or bikes to get through this area. Car crashes are too high. *Significant safety issues for cycle/ped traffic. *This would be a great place to fix. But needs to be a comprehensive plan and not a bandaid.

	Project Name	TTAC Rating	TTAC Ranking	Comments
	Wall Street - Hunziker to Tech Center Drive	10	8	*The city should not do this without a developer commitment. *Facilitate new infill, relieve stress on 217/72nd interchange. *I like this idea. I feel it would increase circulation in the area for citizens and businesses. *Mostly industrial so street isn't as needed as other areas.
	Ash St. crossing of the WES Rail Line	8	9	*Probably a desirable change, but unclear what impact it will have, given current state of planning for downtown area. Could this project be revisited in future when direction of development is clearer? *Should have happened a long time ago. Now the ship has sailed and is of little use without impacting local businesses negatively. *Not justifiable at this time. I don't see as big of a need for it as other projects.
SMALL PROJECTS				
	Commercial St. Sidewalk (Lincoln to Main)-Phase 1	21	1	*Congruent with work on downtown revitalization. Ease of access for peds, plus looks tacky now; poor gateway to downtown area. *Extremely important. Opening up Commercial would really increase the circulation of downtown and walkability for neighbors in the area.
	Hall Blvd / Pfaffle St - New Traffic Signal	21	1	*Major safety issue, response to citizen concerns. *I see the need for this now and in the near future when Westside Christian opens. It will be even more important. *With the Walmart addition, this intersection will only get worse. These improvements are needed.
	Hall Blvd Sidewalks (Bonita Rd. to Durham Rd.)	21	1	*lots of traffic and crashes. Plus lots of kids walking to high school. *Critical safety issue-major arterial, bus line *This important to me because of the increased connectivity to the library, high school, neighborhoods, and Cook Park.
	Commercial Street Extension (Lincoln to 95th) - Phase 2	18	4	*Connected to downtown revitalization, essentially part of previous project. *Extremely important. Opening up Commercial would really increase the circulation of downtown and walkability for neighbors in the area.
	Hall Blvd Sidewalk (Burnham St. to South of Bonita)	18	4	*Critical safety issue-major arterial, bus line *This important to me because of the increased connectivity to the library, high school, neighborhoods, and Cook Park.

	Project Name	TTAC Rating	TTAC Ranking	Comments
	Murdock St. Sidewalk (103rd to Tuality Middle School)	18	4	*Lot of kids walk this to and from Tuality & Templeton. Street is very narrow. *Proximity to schools *Close to schools and has some benefit for getting kids on a safe sidewalk. *School Traffic. Needed to improve safety around the schools.
	98th Avenue Sidewalk (Murdock to Sattler)	17	7	*Important link for pedestrian traffic to schools. *Close to schools. Elevation creates some sight issues. This area would benefit from construction. *Lots of school traffic. Walkers and bikers. Needed for safety.
	Hunziker St. Sidewalk (Hall Blvd to 72nd Ave)	17	7	*Bus line, high speed traffic, connector street for pedestrians. *There seems to be quite a bit of foot traffic here between the bus stop and housing.
	100th Avenue Sidewalk and/or Speed Humps (McDonald to Murdock)	14	9	*100th has "S" curve-no shoulder for walkers on blind corner. *Close to schools
	Ash Ave. Sidewalk (Fanno Creek to McDonald)	13	10	*Low/slow traffic volume-wide walkable street *Sensible to connect existing sidewalk. *This is a good walking and cycling route. Many would benefit.
	Tigard Street (Gallo Ave. to Fanno Creek Trail)	13	10	*I like the trail connectivity aspect of this one. The Summer Lake area has a lot of home that would benefit.
	North Dakota St. Sidewalk (Greenburg Rd to Fanno Creek Trail)	12	11	*Recommend further consideration pending decisions on related projects *This would be great and beneficial as part of a comprehensive plan.
	Tiedeman Avenue Sidewalk (Tigard St. to Greenburg Rd.)	12	11	*Recommend further consideration pending decisions on related projects *This would be great and beneficial as part of a comprehensive plan. *May get done with other projects in the area.
	78th Avenue Sidewalk (Pfaffle to Spruce St)	11	13	*Desirable, but not critical to safety *The unfinished sidewalks are a slowing deterrent currently and widening the road could be a negative. *With all the Walmart construction, around. This is the one area that will be negatively impacted by traffic. This street has more traffic on it than most residential streets because of nearby business. This will make it much safer.
	98th Avenue (Commercial to Greenburg Rd)	9	14	*Low/slow traffic volume-flat walkable street *Desirable, but not critical to safety *Leave it alone and let it act as a natural traffic calming, not many cars.

	Project Name	PRAB Scores	PRAB Rankings	Comments
Parks				
	Fanno Creek Trail (Library to Bonita Rd.)	18	1	*The connection from the library area to Durham allows for easy entry into Cook Park and onto Tualatin. This would be fantastic for pedestrian traffic. *Personally as a runner/trail user, for years I have wanted the Fanno Creek trail to continue from the library to Bonita Park. But more importantly, the Tigard Park System Master Plan calls for connectivity in the "trail network that provides multiple opportunities for access to key destinations from home and work." *Finish the damn thing!
	Fanno Creek Trail (Bonita Rd. to Durham Rd.)	18	1	*The connection from the library area to Durham allows for easy entry into Cook Park and onto Tualatin. This would be fantastic for pedestrian traffic.
	Fanno Creek Trail Bridge Replacement (CWS Re-meander)	16	2	*Highly eroding banks will lead to major problems if not addressed, reinforced and corrected. This sounds like a maintenance item that needs to happen. *I think it would be nice to eventually re-meander the creek, but not quite as important at this time as some other stuff. I could see increasing my ranking for this if I had more information about the rate of erosion and how much the wildlife are being affected. *Finish the damn thing!
	River Terrace Capital Improvement Projects - Parks	14	3	*It all starts with a plan! *I have a hard time ranking this one since there are no specific projects yet. In this case, I use the 3 as more of a neutral number than a ranking of importance. I think it will become important, but with no specific projects, I'm not sure it actually belongs in this list yet.
	Tigard Street Trail & Community Plaza	13	4	*It would be nice, but because we are also aiming to create another downtown plaza, the priority should be to the one that is already being worked on. *Not my priority when there is so much more work that I think needs to be done.
	Bonneville Power/Westside Trail - (Barrows to Bull Mountain Road)	13	4	The Beaverton section of the Westside Trail is very nice and heavily used. I hate for Tigard to be behind the neighboring cities.
	Turf Fields at Community Parks	8	5	Certainly seems to be a need for more fields.

	Project Name	PRAB Scores	PRAB Rankings	Comments
	Pacific Hwy at Hall Blvd. Gateway (Flagpole)	7	6	Flags are great! Seems like this would be fairly inexpensive improvement.
	Downtown Clock Tower	5	7	*I love clock towers, but feel this is more of an amenity, not a necessity. *Even though I now consider myself an "artist" - I don't care much for publicly funded art projects.
	Expand the Tigard Trail System into the Tigard Triangle	3	8	Not a lot of residential out this way, but would be a nice area to extend the trails.
	Tigard Triangle Area (P3)	3	8	

	Project Name	CCAC Scores	CCAC Rankings	Comments
Streets				
	Tigard Street Trail & Community Plaza	28	1	<p>*Makes a really ugly area downtown on Main street functional and no longer ugly *Meets need for civic space in Downtown area & planning process would be opportunity to engage people in Downtown and identify current desires and priorities</p> <p>*That derelict parcel is one of Main Street's worst eyesores. Development as a pocket plaza is the best way to build on the Symposium momentum. *Good programming opportunities and getting people to linger in the downtown more and explore. The more things like this we can offer, the more people will want to spend time meandering Main Street. Foot traffic is important for the survival of those stores. *Meets need for some small civic space in Downtown area & planning process would be opportunity to engage people in Downtown and identify current desires and priorities.</p>
	Commercial Street Extension (Lincoln to 95th) - Phase 2	27	2	<p>*Ties in with connectivity plan for vehicles *Connectivity, multimodal access, increased safety, would be an asset in an area not receiving much resources Access to Main Street from adjacent neighborhood; leverage Phase 1 (Main Street to Lincoln)</p> <p>*Connectivity, multimodal access, increased safety, would be an asset in an area not receiving much resources</p> <p>*Connectivity to downtown, multimodal access, increased safety, would be an asset in an underserved central neighborhood not receiving many resources</p>

	Project Name	CCAC Scores	CCAC Rankings	Comments
	Main Street Bridge Painting/Rehabilitation	23	3	<p>*Since we are reworking Main Street into a Green Street, this only makes sense to rehabilitate the bridge that supports part of it! *When Main Street Green Street is finished, the bridge is going to look pretty crappy by comparison. Improving it will enhance both the streetscape and the creek. *I'd like to see cosmetic repairs done after the big important infrastructure projects are complete. Also, I'm unclear as to what "rehabilitation" means. If it means fixing cracks with painting, then this would be a 5 for me. If it means just PR for the bridge, it's less of a concern. *High visibility, investment in existing asset once GreenStreet project is completed! Potential sculptural art location</p>
	Hall Boulevard Sidewalk Improvements (Pacific Hwy to Durham)	21	4	<p>*Heavy use by pedestrians and bikers *Pedestrian safety; improves multi-modal access to downtown *Increased safety for pedestrians in a corridor with a lot of apartments. Also connects downtown with the schools (elementary, middle, and high school) on the Durham side of town *Connectivity to downtown, multimodal access, increased bike/ped safety on high traffic volume street; contingent on reserve ROW for potential BRT route</p>
	Ash St. crossing of the WES Rail Line	12.5	5	<p>*Ties in with the connectivity plan for vehicles *Existing barriers-uncertain outcomes *Sure I want it; I also want peace in the Middle East and a cheap effective cure for toenail fungus. Might see one of them in my lifetime, probably not the RR Xing. *Existing barriers- uncertain outcomes *Necessary for future circulation plan. Existing barriers = uncertain outcomes, contingent on N. Dakota/Tiedemann and Grant/Tiedemann redesigns and future budgets</p>

	Project Name	CCAC Scores	CCAC Rankings	Comments
	<p>Pedestrian Connectivity (Downtown to Cook Park): Segments are Ash Ave.Sidewalk (Fanno Creek to McDonald) & 98th St. (Sattler to Murdock)</p>	12	6	<p>*Useful because a lot of single home families and apartment users walk from neighborhoods to the libraries or Main Street. *Provides safe access for local children walking to schools and connects neighborhoods to parks and downtown; provides a bike/ped route in neighborhoods not served by existing trail system</p>

	Project Name	CCAC Scores	CCAC Rankings	Comments
Parks				
	Fanno Creek Trail Bridge Replacement (CWS Re-meander)	26	1	*Makes Fanno Creek Bridge and Ash Avenue sidewalk mesh and work together *Opportunity for leverage, integration of nature into built environment, connectivity *Fanno Creek Park is (or can be) downtown's foremost amenity. This will leverage CWS \$\$ - I assume project cannot happen without bridge replacement. *Great timing for it because it's on PRAB's agenda as well *Was a priority over 6 years ago; part of improving connection to downtown neighborhoods; integration of nature into built environment
	Fanno Creek Trail (Library to Bonita Rd.)	20	2	*Makes Fanno Creek more accessible *Connectivity, investment in existing asset *Connectivity, investment in existing asset *Needs significant improvements; investment in existing asset, improves safety alternatives off of Hall Boulevard, improves connections of Cook Park and HS to library and downtown
	Fanno Creek Trail (Bonita Rd. to Durham Rd.)	20	2	*Makes Fanno Creek more accessible *Connectivity, investment in existing asset *Connectivity, investment in existing asset *Needs significant improvements; investment in existing asset, improves safety alternatives off of Hall Boulevard, improves connections of Cook Park and HS to library and downtown
	Downtown Clock Tower	5	3	*Makes the Transportation hub more visible and prominent *Every college campus has a clocktower. I think it's nice, but it's a lot of money to put in right now. I'd rather have a very nice clocktower and not scrimp than to just have a clocktower. *Recommend downsizing to pedestrian level clock pole with directional signage versus a clock tower.

AIS-1547

3.

Workshop Meeting

Meeting Date: 01/21/2014
Length (in minutes): 45 Minutes
Agenda Title: River Terrace Finance Progress and Discussion
Prepared For: Toby LaFrance
Submitted By: Liz Lutz, Financial and Information Services
Item Type: Update, Discussion, Direct Staff
Meeting Type: Council Workshop Mtg.

Public Hearing No

Newspaper Legal Ad Required?:

Public Hearing Publication

Date in Newspaper:

Information

ISSUE

Provide council with a River Terrace Community Plan Financial Strategies update. The purpose of this workshop is to discuss financial concepts and not specific projects or funding or financing options. The Community Plan is still being developed, and specifics on the actual projects that need to be funded and/or financed are still too preliminary to discuss.

STAFF RECOMMENDATION / ACTION REQUEST

Staff requests that council provide feedback on the approach and general direction that staff is taking to develop a financial strategies report for River Terrace.

KEY FACTS AND INFORMATION SUMMARY

The city will need to finance the design and construction of many different major public facilities in the River Terrace area. Collectively, we refer to these facilities as infrastructure, and we often talk about them in terms of systems, e.g. the water system, transportation system, etc. Major public facilities generally include: collector and arterial streets (and related pedestrian, bicycle, and transit facilities); sewer trunk lines, pump stations, and treatment facilities; water trunk lines and water supply and storage facilities (e.g. reservoirs); community parks and regional trails; and stormwater collection, detention, and treatment facilities. Other parts of the system, which are often constructed by developers to city standards, generally include local streets, local parks, and lateral water and sewer lines that serve individual properties.

In addition to the system master plans that will be developed as part of the River Terrace Community Plan, the project team will also develop an infrastructure financial strategies

report. This report will provide a framework for making funding and financing decisions regarding River Terrace infrastructure improvements. It will also identify when specific infrastructure projects will be needed and how much they will cost. Needs will be matched with recommendations on who should pay and how they should pay. At a minimum, the report will include the following:

1. Executive Summary
2. Framework and Methodology
3. Funding Analysis
4. Estimated Infrastructure Costs
5. Evaluation of Funding Sources
6. Infrastructure Funding Plan(s)
7. Implications and Next Steps

Attachment A outlines the process we will use to create the financial strategies report.

Efforts to Date:

- Public Outreach
 - Listserv
 - Website/Blog
 - Consider.It
- Public and Agency meetings
 - 6 Stakeholder Working Group (SWG) meetings (two of which included financial strategies information)
 - 6 Technical Advisory Committee (TAC) meetings (one of which included financial strategies information)
 - 3 community meetings (one of which included financial strategies information)
 - Briefings to various groups, e.g. CPO-4B, Tualatin River Watershed Council
 - Neighbor meetings
 - Capital Projects Workshop
- Funding Memos from FCS Group
 - Attachment B - Funding Considerations for River Terrace ala "North Bethany Funding Scenario"
 - Attachment C - Parks and Trails Funding Options
 - Attachment D - Water Utility Funding Options
 - Attachment E - Transportation Funding Options
 - Attachment F - Wastewater Utility Funding Options
 - Attachment G - Stormwater Utility Funding Options

Next Steps:

Continue to work with project partners, service providers, and the community to develop near-term (0 - 5 years) and long-term (6+) project lists.

- For near-term projects:
 - determine sequence and costs
 - prioritize those needed to jump-start development

- identify possible funding sources and financing means
- For long-term projects, determine general funding sources and financing means.

Upcoming Council Actions:

- Spring 2014 - Update on financing strategies progress. Guidance on method of update (e.g. Workshop, Study Session, document, etc.) is requested.
- Summer 2014 - Hearing(s) on, and adoption of, Community Plan, including financial strategies.
- Post Adoption - Implementation of Community Plan, including financial strategies, which may include:
 - SDC studies and fee adoption
 - Hearings and adoption of new fees or changes in existing fees
 - Hearings and authorization of financing mechanisms such as bonds.

OTHER ALTERNATIVES

COUNCIL OR CCDA GOALS, POLICIES, MASTER PLANS

River Terrace Planning

DATES OF PREVIOUS CONSIDERATION

Council approved the contract for the River Terrace Community Plan (which includes the financing strategy) on June 25, 2013.

Attachments

- Attachment A - Financial Strategies Process Overview
 - Attachment B - North Bethany Funding Scenario
 - Attachment C - Parks and Trails Funding Options
 - Attachment D - Water Utility Funding Options
 - Attachment E - Transportation Funding Options
 - Attachment F - Wastewater Utility Funding Options
 - Attachment G - Stormwater Utility Funding Options
-
-

Financing Strategies

STEP ONE: Understanding the Basics

Major infrastructure investments usually require a mix of private, city and other funding. It is important to keep in mind that not all funding sources can be used for new development, and some are specific to a certain type or types of infrastructure.

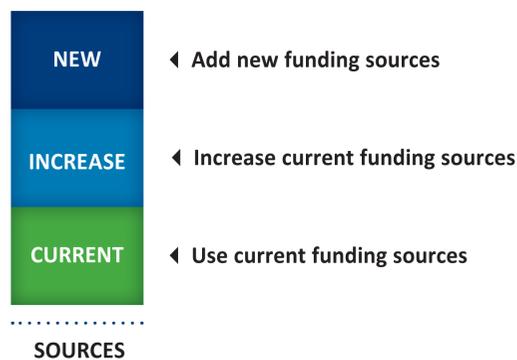
FOR EXAMPLE:



STEP TWO: Asking the Questions

For each infrastructure element, the city must determine what projects are needed in River Terrace, and then decide how Tigard will pay for this increased demand.

OPTIONS INCLUDE:



STEP THREE: Understanding the Options



A list of projects needed to support River Terrace will be developed.

Staff determines the availability of current funding sources.

Project consultants, with staff, outlines what sources can be increased, or where new sources may be available.



and also, what the implications of each choice may be.

FOR EXAMPLE:



COST TO:



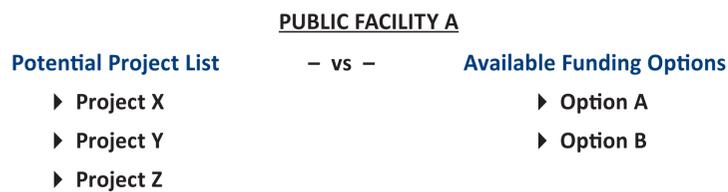
AVAILABLE FUNDING:



STEP FOUR: Providing the Recommendations

The community will have an opportunity to provide input on important projects and potential funding options.

FOR EXAMPLE:



Project Y is the most important

I like option A because the cost is less to developers

This input will be used by the Stakeholder Working Group and Technical Advisory Committee to finalize their recommendation to Council on a financing strategy.



The elements to be balanced include:

- ▶ The project list
- ▶ Funding options:
 - Sources could be current, increased or new
- ▶ Timing
 - When will the funds be available?
- ▶ Community input:
 - Is the strategy acceptable to project stakeholders?

STEP FIVE: City Council Decision

City Council will consider input from the Stakeholder Working Group, Technical Advisory Committee, community, etc., when choosing the final financing strategies and projects to be incorporated in the report.



To: Susan Shanks and Toby LaFrance, City of Tigard

Date: December 16, 2013

From: Todd Chase, FCS GROUP

CC: Derek Chisholm, Otak

RE: Funding Considerations for River Terrace ala a “North Bethany Funding Scenario”

INTRODUCTION

This document identifies River Terrace funding options available to Tigard and Washington County if there is a funding approach that is similar to that being used for North Bethany. The purpose of this memorandum is to provide input for discussion by city staff, elected officials and interested stakeholders prior to the formulation of a locally preferred financing and funding strategy.

NORTH BETHANY FUNDING SOURCES

Brought into the Metro Urban Growth Boundary in 2002 (along with West Cooper Mountain), North Bethany is a 691-acre land area that is planned to accommodate between 3,800 and 4,700 homes over the next 30 years. In addition to up to 10,000 residents, the North Bethany concept plan includes a Main Street area, neighborhood commercial centers, and several parks and trails.

After a few years of litigation over the UGB decision and Beaverton’s decision not to pursue annexation of North Bethany, Washington County took over the planning process in 2005. Washington County then led the Concept Planning process and coordinated with Metro and state agencies and service providers—including Clean Water Services; Tualatin Valley Fire & Rescue; Tualatin Valley Water District; and Tualatin Hills Park and Recreation District.

North Bethany Transportation Funding

Providing adequate transportation facilities became the largest capital funding challenge for North Bethany. Draft capital cost estimates in 2009 included \$289 million in transportation projects, including \$103 million for on-site arterials and \$186 million for off-site improvements.¹

After refining the transportation facilities plans and cost estimates, the Washington County commission approved an approximately \$69 million North Bethany Funding Strategy, with an additional \$18 million in unspecified funding for a total of \$87 million for 14 specific projects. See Attachment A.

Key elements and programs within the North Bethany Funding Strategy are summarized in **Exhibit 1**.

¹ Amounts cited in presentation by Washington County staff titled: *North Bethany: Planning and Funding Growth in Washington County*, Oregon Land Conservation and Development, October 2, 2009.

Exhibit 1

North Bethany Transportation Funding Summary

	Capital Funding Expected	Funding Basis	Project Focus	Source/Notes
Supplemental SDC	\$22,466,756	SDCs from \$3,810 (townhome) to \$6,222 per SFD	Capital cost share of 12 major roads; portion of \$69M	Source: WA County staff report, Exhibit A, 10/20/2010
Transportation Development Tax (TDT)	\$21,778,574	TDT from \$3,976 (townhome) to \$6,665 per SFD	Capital cost share of up to 9 major roads; portion of up to \$64M	Source: IBID.
County Service District or Local Improvement District(s)	\$13,354,670	CSD = \$1.25 per \$1,000 AV in district	Capital cost share of up to 12 major roads; portion of \$69M	Source: IBID. CSD likely to generate about \$4.1 million and LIDs about \$9.3 million over 25 years (based on Exhibit A, Note 6)
MSTIP 3 (Major Streets Transportation Improvement Program)	\$10,000,000	Funding now allocated thru WA County Gen. Fund	Capital cost share on 5 major roads; portion of \$26M	Source: IBID.
Trust & Agency Agreements (existing)	\$1,400,000	Prior agreements with 3 adjacent major developers/prop owners	Capital cost share on share of Springville Rd. improvements; portion of \$11M	Source: IBID.
Subtotal	\$69,000,000			
Unspecified (built thru incremental development)	\$18,000,000	Developer Agreements or "half streets"	Capital cost share on 2 major roads; majority cost share on \$18M	Source: IBID.
Total	\$87,000,000			

Source: WA County staff report dated 10/20/2010, Exhibit A "Revised North Bethany Interim Funding Strategy."

Note: the amounts shown in this table may be different than current estimates, after voter passage of the North Bethany CSD.

While the key funding transportation funding programs include a mix of established programs (such as the Transportation Development Tax and the Major Streets Transportation Improvement Program and existing Trust & Agency development agreements), there are new funding programs that were adopted specifically for North Bethany. The new funding programs include a Supplemental Transportation System Development Charge (TSDC) and a North Bethany County Service District (CSD) with a special property tax levy that will help fund planned transportation facilities in the area. The funding analysis summarized above is based on approximately 4,188 dwelling units being constructed over the next 30 years (assumes a 10% under-build factor on 4,653 total planned units).

The equivalent amount of average transportation capital funding per future dwelling unit in North Bethany is summarized in **Exhibit 2**. Note, the non-residential land use elements are expected to account

for about 10% of the total future transportation funding generated in North Bethany.

Exhibit 2

North Bethany Interim Transportation Funding by General Program Type

Funding Program	Capital Funding Expected	Percent of Total	Average Funding per Dwelling Unit
Supplemental TSDC	\$22,467,000	26%	\$5,365
TDT	\$21,779,000	25%	\$5,200
Developer Agreements	\$19,400,000	22%	\$4,632
County (MSTIP)	\$10,000,000	11%	\$2,388
LIDs	\$9,300,000	11%	\$2,221
CSD	\$4,100,000	5%	\$979
Total	\$87,046,000	100%	\$20,785

Source: WA County staff report dated 10/20/2010, Exhibit A "Revised North Bethany Interim Funding Strategy." Assumes 4,188 dwelling units built. Compiled by FCS GROUP.

Other North Bethany Public Facility Funding

The existing system development charges, connection charges, utility rates and tax rates that are levied or assessed by service providers are being used to fund the capital cost of public parks and trails, water, sewer, and stormwater facilities in North Bethany. In addition to addressing funding for public facility needs and services, the North Bethany Subarea Plan also includes an affordable housing program with a voluntary Program Guide aimed at providing up to 838 affordable housing units (18% of the total 4,653 planned housing units).

ANALYSIS OF SIMILAR FUNDING IN RIVER TERRACE

In order to better understand how these funding techniques could be applied to River Terrace, FCS GROUP applied similar rates and charges to the potential level of development that could be expected within River Terrace. The analysis is based on a similar distribution of funding used in North Bethany, and assumes a 10 percent "under-build" factor (consistent with that used in North Bethany). The findings summarized in **Exhibit 3**, generally indicate that 2,330 dwelling units would be expected to generate nearly \$48.4 million in transportation funding (constant 2013 dollars) using the North Bethany funding approach.

Exhibit 3 **North Bethany Interim Transportation Funding Strategy Applied to River Terrace**

Funding Program	Potential Capital Funding	Percent of Total	Transportation Funding per DU
Supplemental TSDC	\$12,498,000	26%	\$5,365
TDT	\$12,116,000	25%	\$5,200
Developer Agreements	\$10,792,000	22%	\$4,632
LIDs	\$5,174,000	11%	\$2,221
CSD	\$2,281,000	5%	\$979
Subtotal (on-site)	\$42,861,000	89%	\$18,397
County (MSTIP/off-site)	\$5,563,000	11%	\$2,388
Total	\$48,424,000	100%	\$20,785

Source: analysis of Exhibit 2, Assumes 2,330 dwelling units built in River Terrace (10% underbuild allowance). Compiled by FCS GROUP.

Funding for parks, sewer, water and stormwater capital improvements under the “North Bethany funding scenario” would be primarily derived from developer SDCs and connection charges. The potential levels of funding for these public facilities (before SDC credits are provided) are illustrated in **Exhibit 4**.

In addition to the public facilities listed in Exhibit 4, the Tigard-Tualatin School District charges a School District Construction Excise Tax used exclusively for capital improvements. It is currently \$1.11 per square foot for new residential and \$0.55 per square foot for new commercial (not to exceed \$28,400 per building). It is the same for both the Beaverton and the Tigard/Tualatin School Districts. The City receives 4% as an administrative fee.

Exhibit 4

River Terrace Capital Funding Potential (preliminary 2013 dollar estimates)			
Parks			
Existing System Development Charge Revenue	Avg. Charge	Units	Revenue
Fee per Single Family Unit (SFU)	\$5,997	2,018	\$12,100,000
Fee per Multi-Family Unit (MFU)	\$4,793	311	\$1,488,000
Fee per Commercial/Industrial (employee)	\$415	77	\$32,000
Total Parks SDC Revenue			\$13,620,000
Sewer			
Existing Connection Charge (CWS)	Avg. Charge	Units	Revenue
Fee per Equivalent Service Unit (ESU)		2,328	
CWS Share (if applicable)*	\$4,608.82		\$10,730,716
City of Tigard Share	\$191.18		\$445,124
Non-Res. Charge Estimate (@ 2% of total)		-	\$228,160
Total Sewer Revenue			\$11,404,000
Water			
Existing Connection Charge (CWS)	Avg. Charge	Units	Revenue
Fee per Equivalent Service Unit (ESU, 3/4" meter)	\$7,600	2,328	\$17,695,000
Non-Res. Charge Estimate (@ 2% of total)		-	\$361,000
Total Water Revenue			\$18,056,000
Existing Stormwater SDC**			
Surface Water Quality Fee (collected by City)	Avg. Charge	Units	Revenue
Fee Per Residential Dwelling Unit	\$225	2,328	\$524,000
Non-Res. Charge Estimate (@ 2% of total)		-	\$11,000
Total Stormwater SDC Revenue			\$535,000
Potential Regional Stormwater Mgmt. Charge ***			
Avg. Fee per Dwelling Unit	Avg. Charge	Units	Revenue
Avg. Fee per Dwelling Unit	\$1,813.40	2,328	\$4,222,000
Non-Res. Fee Estimate (@2% of total revenue)		-	\$11,000
Potential Stormwater Mgmt. Charge Revenue			\$4,233,000
* CWS sewer connection charge only applies to facilities that require new 12" (or larger) conveyance facilities.			
** assumes on-site mitigation for water quality. This Fee is not being collected in North Bethany but is set by CWS and collected in City of Tigard.			
*** assumes stormwater management charge is structured like the one proposed for North Bethany (with similar rate). Charge shown is weighted avg. based on potential River Terrace dwelling units allowed.			
Compiled by FCS GROUP, based on current City of Tigard 2013 Master Fees & Charges Schedule; and proposed CWS RSMC Methodology Report, 10/3/2013.			

ATTACHMENT A

North Bethany Interim Funding Strategy
10/20/2010

EXHIBIT A: REVISED NORTH BETHANY INTERIM FUNDING STRATEGY

Project Number	Road	From	To	Project	Cost Estimate 8/27/09	ROW Estimate ¹	Total	MSTIP	TDT ²	Supplemental SDC ^{3,7}	Existing T&A ⁴	CSD or LID ^{5,6,7}	Comments
1	Road A	Western Boundary	Joss	Build New Road	\$8,100,000	\$1,200,000	\$9,300,000	no	maybe	yes		yes	
2	Road A	Joss	Kaiser	Build New Road	\$6,900,000	\$1,900,000	\$8,800,000	no	maybe	yes		yes	
3	Springville	185th	Joss	Improve	\$10,500,000	\$600,000	\$11,100,000	yes	yes	yes	\$1,400,000	maybe	
4	Springville	Joss	Kaiser	Improve	\$3,200,000	\$400,000	\$3,600,000	yes	yes	yes		yes	Some Cost Increase for South Side of Roadway Expected
5	Springville	Kaiser	County Line	Improve	\$5,200,000	\$500,000	\$5,700,000						Not included in Total, Built thru incremental development
6	Kaiser	Road A	Springville	Improve	\$6,900,000	\$900,000	\$7,800,000	no	maybe	yes		yes	
7	185th	Springville	West Union	Improve	\$4,300,000	\$200,000	\$4,500,000	yes	yes	yes		maybe	
8	Road A	Kaiser	Springville	Build New Road	\$9,900,000	\$2,400,000	\$12,300,000						Not included in Total, Built thru incremental development
9	Road A	Bridge over Rock Creek		Build Bridge	\$7,000,000	\$300,000	\$7,300,000	no	maybe	yes		yes	final funding package relates to urban or rural reserve designation
10	185th	Intersection Improvement at Springville		Improve	\$900,000	\$0	\$900,000	yes	yes	yes		maybe	
11	Kaiser	Springville	Bethany	Improve	\$5,900,000	\$200,000	\$6,100,000	yes	yes	yes		maybe	
12	Brugger	Joss	Kaiser	Improve	\$3,100,000	\$100,000	\$3,200,000	no	no*	yes		yes	Joss / Brugger intersection traffic calming to be examined
13	Joss	Road A	Arbor Homes	Improve	\$3,800,000	\$300,000	\$4,100,000	no	maybe	yes		yes	
14	P15 (Oats)	Springville	Brugger	Improve	\$1,800,000	\$500,000	\$2,300,000	no	no*	yes		yes	
TOTAL**					\$62,400,000	\$6,600,000	\$69,000,000	\$10,000,000	\$21,778,574	\$22,466,756	\$1,400,000	\$13,354,670	

NOTES:

"yes, no and maybe" describe the appropriateness of spending revenue from this source on a particular project.

* Facilities below collector classification are not eligible for Transportation Development Tax (TDT) project list.

** In 2010 dollars, does not include projects 5 or 8.

1 Cardno/WRG Right-of-Way (ROW) Estimate 4/20/2010.

2 Assumes 75% of 4188 units, "maybe" means project would need to be added to TDT list; column is based on eligibility to spend revenue - credit eligibility determined separately.

3 Based on 4,188 units and \$4,800 / unit average charge = \$6,222 SFR, \$3,810 SFA, and \$4,369 MF (slight increase from 6/1/2010 in all rates to keep same average - due to change in mix of dwelling types assumed).

4 Only counting existing Trust and Agency (T&A), assumes: \$1,000,000 from Arbor, \$340,000 Saint Jua Diego Catholic Church and \$60,000 Tualatin Hills Park and Recreation District.

5 "maybe" means project is off-site.

6 Per May 21st K&R Memo, \$1 per \$1,000 assessed value generates \$18,500,000 over 25 years.

7 Parties will work in good faith to develop the details of a System Development Charge (SDC), and County Service District (CDS) and/or a Local Improvement District (LID) that is equitable and reasonable.

8 Individual project costs may vary slightly as more engineering is completed, however total of all projects is not expected to change significantly.

Under this scenario Portland Community College to pay both TDT and proportional Supplemental System Development Charge (SDC) based on projected student enrollment (numbers assume 2,582 new students).

Discussion at June 7, 2010 meeting included possibility of some revenue being used for preliminary engineering (PE) and/or alignment analysis of Road A and Kaiser Road.

Update: 7/26 confirmed non-residential land use, and removed K-8 school from TDT and Supplemental SDC calculations as school is already constructed.

Update: 10/20 adjusted TDT to reflect 90% of maximum residential density rather than 100%.

To: Susan Shanks and Toby LaFrance, City of Tigard
From: Todd Chase, FCS GROUP
CC: Derek Chisholm, Otak
RE: Parks and Trails Funding Options for River Terrace

Date: November 4, 2013

INTRODUCTION

This document identifies River Terrace parks and trail funding options available to Tigard. The purpose of this memorandum is to provide input for discussion by city staff, elected officials and interested stakeholders prior to the formulation of a locally preferred financing and funding strategy.

CURRENT GOVERNANCE AND FUNDING SOURCES

The City owns and operates 392 acres¹ of developed parks and open space. The Parks Division of the Public Works Department manages these assets, which fall into the following categories:

- Neighborhood/pocket parks
- Community parks
- Linear parks
- Open space
- Trails

New Construction

The Parks Division currently finances its capital needs with a combination of voter-approved general obligation (GO) bond proceeds and parks system development charges (SDCs).

In the current fiscal year (2013-14), over half of parks-related capital expenditures will be financed with proceeds of a \$17 million bond issue that voters approved in November, 2010. The parks bond referendum included provisions that limited funding amounts for land acquisition (at least 80% of funds with 10% targeted in downtown) and parks facilities development (up to 20% of funding). This is the final year that these bond proceeds will be available for parks acquisition/development.

Tigard's parks SDCs were recently updated in 2012 to account for the planned capital improvements in the Park System Master Plan (adopted in 2009) and the Trail System Master Plan (adopted in 2011). The current Tigard parks SDCs for selected land use types (rates effective as of July 1, 2013) are as follows:

¹ http://www.tigard-or.gov/community/parks/docs/parks_brochure.pdf

October 31, 2013

River Terrace Parks and Trails Funding Options

Existing Tigard Parks SDCs

Single Family Unit (per detached residential unit, including duplex units on individual lots, and attached townhomes)	\$5,996.87
Multi-Family Unit (includes apartments and condominium units)	\$4,793.04
Commercial/Industrial (per employee – see Permit Coordinator for specifics)	\$414.71

Operations

The Parks Division has current budgeted operational needs of \$1.7 million per year. While the City does charge various fees for users of park facilities, revenue from user fees amount to approximately \$50,000 per year. Hence, the majority of parks operating revenues are derived from the General Fund (which obtains funding from a variety of sources, including property tax collections). According to city staff, annual capital outlay for replacement of existing parks assets is less than the annual depreciation expense for these assets. This imbalance results in increasing amounts of deferred maintenance.

Exhibit 1 summarizes parks-related resources and requirements in recent years:

Current Funding of Parks in Tigard		Exhibit 1			
Description	Fund	Actual		Budget	
		FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital Funding					
Resources					
Bond proceeds	Parks Bond	\$ 7,277,499	\$ 2,396,213	\$ 5,877,628	\$ 4,851,205
SDCs	Parks SDC	2,278,104	435,366	2,566,000	2,051,808
Fund balance and other		3,683,734	(214,392)	376,000	681,634
Total resources		<u>\$13,239,337</u>	<u>\$2,617,187</u>	<u>\$8,819,628</u>	<u>\$7,584,647</u>
Requirements					
Capital projects	Parks Capital	\$12,957,489	\$2,334,477	\$8,819,628	\$7,584,647
Debt service	Parks SDC	281,848	282,710		
Total requirements		<u>\$13,239,337</u>	<u>\$2,617,187</u>	<u>\$8,819,628</u>	<u>\$7,584,647</u>
Operational Funding					
Resources					
Park revenue	General	\$ 58,137	\$ 67,055	\$ 44,923	\$ 42,677
Other revenues	General	1,372,067	1,442,819	1,583,030	1,654,397
Total resources		<u>\$ 1,430,204</u>	<u>\$ 1,509,874</u>	<u>\$ 1,627,953</u>	<u>\$ 1,697,074</u>
Requirements	General	<u>\$ 1,430,204</u>	<u>\$ 1,509,874</u>	<u>\$ 1,627,953</u>	<u>\$ 1,697,074</u>
FTE positions		9.75	9.75	9.75	9.75

Source: FY 2013-14 City budget documents (fund_summaries.pdf and public_works.pdf)

POTENTIAL FUNDING SOURCES

In addition to the current funding sources for parks and trails that are identified above, the City could consider several potential new means of funding construction and ongoing operation of parks and trails in the River Terrace plan district. At this stage in the planning process, we are listing the potential parks and trails funding sources that have legal precedence in Oregon. Potential sources of capital and operating funding for parks and trails are identified and evaluated in Exhibit 2.

New Construction

Financing options for capital needs are the same whether the park system is governed by the City or by a park and recreation district.

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River Terrace Parks and Trails Funding Options

Specific capital funding options include:

- General Fund
- Parks User Fees
- Parks SDCs (citywide or within River Terrace District)
- Multimodal System Development Charges (may include trails/transportation facilities not reflected in current Tigard Parks SDC and be citywide or within River Terrace District)
- Special Assessments (such as Local Improvement Districts or Reimbursement Districts)
- Urban Renewal Area
- Parks and Trails Facility Maintenance and Development Utility Fee (citywide or within River Terrace District)
- Bonds (General Obligation Bonds, Full Faith & Credit Bonds, Revenue Bonds, etc.)
- Grants and Loans
- Developer Land/Easement Dedications and Improvements
- Permanent rate property tax collected by a newly formed special district

General Fund

The General Fund can be used to fund any part of a park system, but these monies tend to be scarce and highly competitive among other functions of local government (such as funding for administration, libraries, parks and police). Within the General Fund are several sources of funding, such as property taxes and franchise fees.

Parks User Fees

The park system currently generates limited revenue from user fees. The City could review the pricing of these fees for a possible increase.

Parks SDCs

ORS 223.297 to 223.314 allows local governments to impose SDCs for capital improvements related to parks. SDCs are one-time fees imposed on new development or certain types of major redevelopment. They are intended to recover a fair share of the costs of existing and planned facilities that provide capacity to serve growth. SDCs cannot be used for operation or routine maintenance.

As mentioned above, the City already has SDCs for parks and trails. These could be updated to include additional capital projects within River Terrace. The process of adopting a new methodology report and Parks SDC citywide may result in a higher parks SDC for any new development in the City. However, the disadvantage with this approach is that there would be no assurance that a parks project within the River Terrace area would receive SDC funding in the near-term as there are dozens of other SDC eligible projects slated for construction.

Another SDC option for the City includes adopting a new Supplemental River Terrace Parks SDC, which would only affect future development within River Terrace. An advantage of this approach is that the City could dedicate these supplemental SDC funds to eligible parks and trails projects within River Terrace. A possible disadvantage may include increasing the overall development fees in River Terrace to a level that dissuades private investment activity.

Special Assessments

Local governments can assess specific property owners that benefit from the construction of a local (i.e., neighborhood) park through local improvement districts (LIDs) or reimbursement districts.

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River Terrace Parks and Trails Funding Options

ORS 223.387 to 223.401 provides local governments the statutory authority to establish LIDs and levy special assessments on the benefited property to pay for improvements. LIDs result in upfront or annual payments from affected property owners within a district. LIDs are payable in annual installments for up to 30 years. LIDs are generally used for capital improvement projects that benefit numerous large tenants and/or private property owners. The future revenue stream generated by LIDs can be used by local governments to obtain financing through the use of loans or bonds.

Similar to LIDs are reimbursement districts. Local governments can negotiate public/private advance financing arrangements with developers, where a developer agrees to front capital improvements/investment (such as a new local park) within a designated zone of benefit district (ZBD). The local government that adopts a zone of benefit applies a special development impact fee that is charged based on a proportional benefit to properties for the capital infrastructure. The developer is then partially reimbursed when future land use development approvals are granted within the ZBD over a period that usually extends 10-15 years. However, there is no guarantee that future revenues will be as steady and reliable as LID or property tax assessments.

Urban Renewal Area

There may be opportunities to utilize funding from the creation of a new River Terrace Urban Renewal Area (URA) for eligible economic development improvements in accordance with ORS Chapter 457. In many cases, URA funds are combined with other local funding sources (e.g., LIDs) to leverage non-local grants or loans.

Maximum Indebtedness Requirements

After the passage of House Bill 3056 (passed by the Oregon Legislature in 2009) urban renewal agencies have new limits on the amounts of maximum indebtedness (MI) in an urban renewal plan adopted after January 1, 2010.

- ◆ If the total “frozen tax base” is \$50 million or less (as in the case of River Terrace where existing assessed market valuation was \$31.84 million in 2013), the total MI may not exceed \$50 million (ORS 457.190(4)(a)).
- ◆ Under ORS 457.220, increases in MI may not exceed an aggregate of 20% of the original MI of the UR Plan, but with an “indexing” of the original MI from July 1, 1999 or one year after the plan was initially approved, whichever is later. Indexing may only happen once.

Revenue Sharing Possibilities

There are also new possibilities for revenue sharing with overlapping districts for plans adopted or substantially amended to increase MI after January 1, 2010.

Revenue sharing among overlapping tax districts begins in the later of the 11th year after the initial plan was adopted, or when division of tax collections equal or exceed 10% of the initial MI.

For any year when division of tax collections equal or exceed 10% of the initial MI, but are less than 12.5% of the initial MI, the UR agency receives the 10%, plus 25% of the tax increment between 10% and 12.5%. Overlapping tax districts receive 75% of the tax increment between 10% and 12.5%.

For any year when division of tax collections equal or exceed 12.5% of the initial MI, the UR agency receives the 12.5% tax increment, and any tax increment collections greater than 12.5% are distributed to overlapping taxing districts.

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River Terrace Parks and Trails Funding Options

Concurrence Waivers

Variations in the maximum indebtedness requirements and the revenues sharing provisions can occur if the municipality obtains the written concurrence of the overlapping tax districts that impose at least 75% of the taxes imposed under the permanent rate limits in the URA.

In light of these and other URA provisions, the City may consider the creation of a new River Terrace URA in accordance with requirements set forth in ORS Chapter 457.

Parks and Trails Facility Maintenance and Development Utility Fee

A parks utility fee is an ongoing fee (often billed monthly) that provides revenue for the needs of the park system. When charged by a city, such a fee can be an additional line item on an existing utility bill. The revenue earned can be used for both operational and capital needs, and it can be pledged to the debt service of revenue bonds.

Establishment of a parks utility fee in Oregon requires compliance with legal requirements at both state and local levels. Based on our experience and understanding of statutory requirements, we offer three recommendations when implementing a new parks utility fee:

- ◆ **Design a parks utility fee that is distinct from a property tax.** This can be accomplished by (1) distinguishing between utility customers and property owners, (2) not allowing uncollected fees to become a lien on property, and (3) designing a rate structure that is based on cost of service.
- ◆ **Draft an ordinance for adoption into the City's municipal code.** Such an ordinance is required to provide local authority to impose a parks utility fee.
- ◆ **Provide a public hearing** prior to enactment to comply with ORS 294.160(1).

Currently we are aware of three jurisdictions within the State of Oregon that charge a parks utility fee. The cities of West Linn, Medford and Talent charge customers within their city limits a monthly fee that is used primarily for maintaining city-owned parks, recreation facilities and open spaces. The monthly fees per single-family residence are \$2.95 in Medford, \$3.00 in Talent, and \$10.70 in West Linn.

Bonds

As the City is aware, bonds are a common means of financing park projects whose benefits are not confined to a single local area. General obligation (GO) bonds are advantageous, because their debt service is funded by a property tax levy that is outside the limits of Measure 5.

While GO bonds do require voter approval, park measures have had a positive approval record in Tigard.

On November 2, 2010, Tigard voters passed a \$17 million general obligation bond to fund the purchase of real property for parks and to fund a limited amount of park improvements. This summer the city broke ground on four projects—funded in full or in part by revenue from the Tigard voter-approved \$17 million park and open space bond. Projects included:

- A new section of the Fanno Creek Trail—connecting Main St. to Grant Ave.—will be built.
- Improvements at East Butte Heritage Park, including a playground, picnic shelter, restroom, walking paths and a sidewalk along 103rd Ave.
- A wooden bridge to be constructed in Jack Park. The bridge will connect the newly purchased park property to the existing park.
- At the Fanno Creek House on Hall Blvd., parking areas will be improved and bike racks and landscaping will be installed.

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River Terrace Parks and Trails Funding Options

Revenue bonds are a form of debt financing that does not require voter approval. However, revenue bonds do require an ongoing source of revenue that can be pledged to payment of debt service. A parks utility fee, whether established by the City or a park and recreation district, could serve this purpose. Revenue bonds are subject to debt service coverage requirements.

A hybrid of these two bond types is the full faith and credit obligation (FFCO). This type of bond represents an unsecured claim on all the revenue streams of an agency without the pledge of any particular revenue stream. FFCOs do not require voter approval, and they are not subject to debt service coverage requirements.

Grants and Loans

Federal and state grant programs, once readily available for financial assistance, are generally limited in size (usually less than \$500,000), often require a sizable local match (at least 50% local match is recommended), and very competitive among jurisdictions (often focused on “distressed communities” with high poverty or unemployment levels). Nonetheless, the economic benefit of grants and low-interest loans can make the effort of applying worthwhile. Common special programs identified as potential funding sources are summarized below:

Grants: State grants for parks are administered by Oregon Department of Parks and Recreation (Local Government Grant Program, RV Campground Funds, etc.). The Metro regional government may also be a source of capital funding through the Nature in the Neighborhoods Grant Program. In May 2013, the Metro Council awarded the sixth round of funding, reaching the halfway mark for the \$15 million available from the voter-approved 2006 natural areas bond measure.

Bank and State Loans: The City of Tigard may utilize private bank loans or state loans to make strategic capital facility upgrades. State loan funds available from Business Oregon currently include the Special Public Works funds that are available on a competitive basis to public jurisdictions and can fund projects up to \$3.0 million in size.

Crowdfunding: Another innovative sources of financing that is particularly suitable to parks projects is crowdfunding. A local government can use websites like [Citizeninvestor](http://www.citizeninvestor.com/)² and [Neighbor.ly](http://neighbor.ly/)³ to list proposed projects and solicit donations. These websites then serve as an escrow between the government and contributors by ensuring that a contribution is either spent on its intended project or returned (or credited) to the contributor. Not only do these websites serve an important administrative function. They also serve the interests of economic efficiency by allowing contributors (1) to determine how they would benefit from a particular project and then (2) to contribute accordingly.

Exactions and Dedications

Public jurisdictions may require exactions or dedications from developers as a condition of development approval. This applies to capital projects identified in adopted master plans and identified as “qualified public improvements” per ORS 223.304(4). For smaller “neighborhood” parks or trails that are needed to serve a proposed development, the City can require a developer to dedicate land and construct a neighborhood park or trail segment. If the dedication addresses only the impacts of the development, then the condition is an exaction, and no SDC credits or other compensation is required. If a dedication serves growth both inside and outside the development, then only the portion required by the development can be exacted. If the “oversize” portion of the public improvement is still a condition of development approval it would be eligible for SDC credits. Legal provisions contained in relevant court rulings in particular, *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard* would apply.

² <http://www.citizeninvestor.com/>

³ <http://neighbor.ly/>

OPTIONS ENTAILING SPECIAL GOVERNANCE

The preceding capital funding options are available to the City of Tigard without any change in local governance. Other governance structures could result in new sources of funding for parks. In Oregon, jurisdictions may consider forming a special service district charged with developing and maintaining qualified public facilities. There are generally two types of service districts that could help fund parks in River Terrace: 1) Parks District or 2) County Service District.

Parks District

This funding source depends upon the governance of the park system shifting from the City of Tigard to a newly formed Tigard Parks District. A park and recreation district can be viewed as a geographically and financially flexible form of municipal utility because Oregon Revised Statutes (ORS) 198.720 affords great latitude in setting the district's boundaries. The territory of a park and recreation district can include both incorporated and unincorporated areas. However, including incorporated areas requires the consent of the affected city (in this case it would be limited to the City of Tigard).

A park and recreation district is financially flexible because of the variety of revenues that it is allowed to collect. These revenues are enumerated in ORS 266.410, but the two major categories are user charges and property tax. User charges can take many forms, including monthly (i.e., parks utility) fees, one-time fees, and system development charges. Property tax can take the same forms as those currently available to the City (i.e., bond levies and local option levies), but a newly-formed district also has the opportunity to set its own permanent rate with voter approval.

Formation of park and recreation districts is governed by ORS 198.705 to 198.845 and ORS Chapter 266. The process can be initiated in one of three ways: (1) petition of 15 percent of electors (ORS 198.800), (2) petition of all landowners within the boundaries of the proposed district (ORS 198.830), or (3) county board's own motion (ORS 198.835). However the process is initiated, the next step is a first public hearing held by the county board. If the county board is inclined to form the district after the first public hearing, it will schedule a second public hearing. If the county board both (1) receives written objections from fewer than the lesser of 15 percent or 100 electors within the boundaries of the proposed district by the second public hearing and (2) does not intend to levy any form of property tax, the county board may order the formation of the district without an election. If both conditions are not met, then voter approval would be required.

ORS 198.810 allows newly-formed special districts to vote on the establishment of a permanent property tax rate. Though such a funding source may be politically problematic, it would offer the greatest stability and administrative ease of all potential revenues.

According to data obtained from the Oregon Department of Revenue,⁴ 43 park and recreation districts have a permanent property tax rate. Among these, the median permanent rate is \$0.3861 per \$1,000 of assessed value. In Washington County, the Tualatin Hills Park and Recreation District has a permanent rate of \$1.3073 per \$1,000 of assessed value.

The North Clackamas Parks and Recreation District (NCPRD) is an example of a parks district that has evolved over time. Voters approved the formation of the NCPRD in 1990 because they saw the need for greater parks and recreation services in the north end of the county, with a tax rate of 54 cents per \$1,000 in assessed valuation. In 2006, the City of Happy Valley voted to join NCPRD. NCPRD is now the park service provider for the Cities of Happy Valley, Milwaukie and a portion of the City of Damascus.

The Tigard-Tualatin Aquatic District is a recently-created special purpose district that includes the cities of Tigard, Tualatin and surrounding portions of unincorporated Washington County and Clackamas

⁴ <http://www.oregon.gov/DOR/STATS/Pages/statistics.aspx>

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River Terrace Parks and Trails Funding Options

County. Approved by district voters in May 2010, the aquatic district is charged with managing and operating the aquatic centers at Tigard and Tualatin High Schools. Voters within the district agreed to tax themselves at a rate of 9 cents per \$1,000 of assessed property value to keep the two pools open. This equates to an assessment of \$18 per year for a household with a \$200,000 assessed value. If the full amount of the 9 cent levy is assessed it is estimated that it will generate approximately \$800,000 annually. Voters also selected 5 out of 8 candidates that serve on the district's board.

County Service District

It is conceivable that a River Terrace County Service District (CSD) could be created to fund capital and maintenance costs of public facilities in River Terrace, including parks and trails (as well as other public facilities identified in ORS 451), as long as there is no overlapping special purpose district and the CSD is created in accordance with ORS 198 and ORS 451.

Because River Terrace is already annexed into the City of Tigard, this approach would require added administrative staff/legal costs with a concurrent approval and adoption effort by Washington County and the City of Tigard to form the district boundary.

In accordance with ORS 451.540: *“The county court may, for the purpose of establishing a revolving fund to provide money to finance the construction under ORS 451.410 to 451.585 of those service facilities in the county that may be necessary and in implementation of the master plans provided for in ORS 451.120, levy an ad valorem tax of not to exceed 50 cents per year, for a period not to exceed five years, for each \$1,000 of real market value of taxable property within all areas of the county, to be served by the facilities included in the master plan. “*

Please see the following link for additional requirements of this funding option:

http://www.oregonlegislature.gov/bills_laws/lawsstatutes/2011ors451.html

A CSD in North Bethany (all within unincorporated Washington County) was approved in 2011 that included the formation of the North Bethany CSD for the purpose of providing a dedicated source of funding for roads at a maximum levy not to exceed 25 cents per \$1,000 in assessed valuation.

Potential Funding of Operational Needs

Most financing options for operational needs are the same whether the park system is governed by the City or by a park and recreation district. However, a permanent rate property tax that is dedicated to parks is available only in a newly formed special district.

Many of the operating funding options listed below are described above. Specific operating funding options include:

- City General Fund
- Parks User Fees
- Parks and Trails Facility Maintenance & Development Utility Fee (citywide or within River Terrace District)
- Local Option Operating Levy
- Grants and Loans
- Donations, Sponsorships, Crowd Sourcing and Volunteer contributions
- Parks District formation (citywide plus unincorporated Cooper Mtn. area)
- County Service District (River Terrace special purpose district focused on parks and trails)

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River Terrace Parks and Trails Funding Options

Local Option Property Tax

Although Section 11(3)(b), Article XI of the Oregon Constitution prohibits the City from raising its permanent tax rate to fund parks (or for any other reason), the City can raise operating funds from a local option operating levy under Section 11(4) of the same article. Such levies can be imposed for up to five years for operating expenses or up to ten years for a capital project.

Although a local option levy is a form of property tax, the revenue derived is more risky than revenue from a permanent rate. When overlapping tax rates exceed the Measure 5 limits for any individual property, local option levies are the first tax rates to be compressed (to zero, if necessary) before any permanent rates are reduced.

NEXT STEPS

We look forward to discussion the advantages and disadvantages of these parks funding options with city staff and the River Terrace Technical Advisory Committee and the River Terrace Stakeholder Working Group. Then, will work with city staff to “shortlist” funding options for additional technical analysis.

Exhibit 2

River Terrace Parks and Trail Funding Options

Funding Option	Considerations					
	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Advantages	Disadvantages
City General Fund	Citywide	City Council	\$	\$	Flexible funding with local precedence	No guaranteed funding level; relies on annual budget process
User Fees	Citywide	City Council	\$	\$	Flexible funding with local precedence	Very limited funding potential.
Parks System Development Charge Update (SDCs)	Citywide	City Council	\$\$		Existing citywide Parks SDC can be updated to include River Terrace projects	River Terrace projects would not have priority over other city projects. SDCs cannot fund O&M costs
Supplemental River Terrace Parks & Trails SDCs	River Terrace	City Council	\$\$\$		New River Terrace SDC could dedicate funds to River Terrace, as development occurs	SDCS cannot fund O&M costs
Trails & Multimodal Transportation SDCs	Citywide or River Terrace Dist.	City Council	\$\$\$		New SDC could address multimodal needs that are not addressed in WA County TDT or Parks SDC	SDCS cannot fund O&M costs
Special Assessments (LID or Reimbursement District)	River Terrace	Property Owners & City	\$\$		Addresses specific capital improvements with construction timelines; equitable cost allocation results in majority support by affected prop. owners	Some risk to city in case of property owner default on payments
Urban Renewal District (URD)	River Terrace	City Voters	\$\$\$		New URD could generate funds as development occurs; can be used on wide range of capital projects	URDs cannot fund O&M costs; requires citywide voter approval in Tigard
Parks Facility Maintenance & Development Utility Fee	Citywide or River Terrace	City	\$	\$\$	New utility fee would provide dedicated source of funding for parks, trails and other multimodal facilities	While voter approval is not typically required, some cities seek voter approval to mitigate political issues

Exhibit 2 (continued)

Funding Option	Considerations					
	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Advantages	Disadvantages
General Obligation Bonds (voter approved)	Project Specific	City Voters	\$\$\$		Project-specific funding source with dedicated source of stable revenue (property tax). Limited risk to City	Public voter referendum has admin cost to City with no guaranteed outcome. Cannot be used for O&M
Full Faith & Credit Bonds (not voter approved)	Project Specific	City Council	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Cannot be used for O&M
Local Option Levy	Program Specific	City Voters	\$\$	\$\$	Program-specific funding source for voter-approved property tax levy	Limited to 5 years (operating) or 10 years (capital). May be subject to tax compression under Measures 5 and 50
Revenue Bonds	Project Specific	City Council or Voters	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than GO Bonds. Cannot be used for O&M
Donations, Sponsorships, Volunteers & Crowd sourcing	Project Specific	City Council	\$	\$	Usually results in positive community involvement, and reduced cost to City	Very limited funding potential
Loans	Project Specific	City Council	\$\$	\$	Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than Bond issues
Grants	Project Specific	City Council	\$	\$	Project-specific non-local funding source	Grants are usually very competitive with limited funding availability

Exhibit 2 (continued)

Funding Option	Considerations					
	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Advantages	Disadvantages
Exactions	Project Specific	City Council & Developer	\$		Developer constructs neighborhood parks/trails to city standard as a condition of approval	Usually limited to subdivisions with "local" neighborhood parks/trail improvements
Dedications	Project Specific	City Council & Developer	\$		Developer provides easements for parks/trails as a condition of approval; can be SDC eligible	City must fund capital improvements
County Service District Formation	New District ¹	WA County, City and District Voters ¹	\$	\$	New service district could be formed with dedicated property tax to specified purpose	Requires significant upfront and ongoing administration cost and concurrent city/county approval
Parks District Formation	New District ¹	City, WA County and District Voters ¹	\$\$	\$\$\$	New service district could be formed with dedicated property tax to specified purpose	Requires significant administration cost and creates a new layer of local governance

Notes:

¹ New Service District could extend beyond River Terrace and could include portions of unincorporated Washington County.

Legend:

\$ least positive

\$\$\$ most positive

Source: FCS GROUP and city staff.

To: Susan Shanks and Toby LaFrance, City of Tigard
From: Todd Chase and Doug Gabbard, FCS GROUP
CC: Derek Chisholm, Otak
RE: Water Utility Funding Options for River Terrace

Date: November 6, 2013

INTRODUCTION

This document identifies River Terrace water utility funding options available to the City of Tigard. The purpose of this memorandum is to provide input for discussion by city staff, elected officials and interested stakeholders prior to the formulation of a locally preferred financing and funding strategy.

CURRENT WATER SERVICE AND ITS FUNDING SOURCES

The City provides water service to the Tigard Water Service Area, which has 57,000 residents and includes the Tigard Water District and the cities of Tigard, Durham, and King City.¹

By 2016, when the Tigard’s water supply contract with the City of Portland expires, the City will be able to distribute water produced in Lake Oswego by the jointly-owned water treatment plant of the Lake Oswego Tigard Water Partnership. This new partnership will allow Tigard and Lake Oswego to produce up to 38 million gallons of water per day, of which Tigard would receive between 14 and 20 million gallons per day (by year 2040). Tigard’s share of the capital costs associated with water treatment, transmission, intake, etc. is estimated to be \$81 million.

New Construction of Capital Projects

The City currently finances the capital needs of its water utility primarily with revenue bonds tied to water rates. Other sources such as system development charges (SDCs) and utility fees have played only a minor role in financing water infrastructure. On June 30, 2012, the Water Fund owed \$105.4 million in outstanding revenue bonds.² This amount represented 93 percent of the Water Fund’s total liabilities.

Not only must bond debt be repaid from rate revenues, but those rate revenues must be sufficiently greater than both the operating needs and debt service payments to provide a cushion known as “debt service coverage.”

SDCs will become an important resource for capital spending if new development resurges. **Exhibit 1** shows the City’s current water SDCs:

Meter Size	Effective Date		Increase
	2/1/2013	2/1/2014	
5/8" x 3/4"	\$ 6,083	\$ 7,044	15.8%
3/4" x 3/4"	\$ 8,757	\$10,144	15.8%
1"	\$16,225	\$18,791	15.8%
1 1/2"	\$48,645	\$56,343	15.8%
2"	\$78,990	\$91,490	15.8%

Source: Master Fees & Charges Schedule

¹ City of Tigard, “Fact Sheet: Water Financial Plan,” page 1.

² City of Tigard, “Comprehensive Annual Report for the Fiscal Year Ended June 30, 2012,” page 44.

Operations

The Water Division of the City’s Public Works Department has current budgeted operational needs of \$8.1 million per year. These needs are financed with user charges, especially sewer rates.

Exhibit 2 summarizes water-related resources and requirements for Tigard in recent years:

Current Funding of the Water Utility in Tigard		Exhibit 2			
Description	Fund	Actual		Budget	
		FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
<u>Capital Funding</u>					
Resources					
Bond proceeds	Water CIP	\$ 3,100,000	\$ 99,634,079	\$ -	\$ -
Bond proceeds	Water Debt Service	-	12,538,672	-	-
SDCs	Water CIP	107,188	-	-	-
SDCs	Water SDC	339,068	1,164,078	361,575	361,575
Fund balance and other		4,066,418	(97,762,503)	26,306,109	80,381,902
Total resources		<u>\$ 7,612,674</u>	<u>\$ 15,574,326</u>	<u>\$ 26,667,684</u>	<u>\$ 80,743,477</u>
Requirements					
Capital projects	Water CIP	\$ 7,523,029	\$ 9,535,084	\$ 22,706,500	\$ 75,862,443
Debt service	Water CIP	89,645			
Debt service	Water Debt Service		6,039,242	3,961,184	4,881,034
Total requirements		<u>\$ 7,612,674</u>	<u>\$ 15,574,326</u>	<u>\$ 26,667,684</u>	<u>\$ 80,743,477</u>
<u>Operational Funding</u>					
Utility revenue	Water	<u>\$ 5,065,701</u>	<u>\$ 5,331,984</u>	<u>\$ 7,950,086</u>	<u>\$ 8,139,852</u>
Program expenditures	Water	<u>\$ 5,065,701</u>	<u>\$ 5,331,984</u>	<u>\$ 7,950,086</u>	<u>\$ 8,139,852</u>
FTE positions		12.00	12.75	12.50	12.00

Source: FY 2013-14 City budget documents (fund_summaries.pdf and public_works.pdf)

POTENTIAL FUNDING SOURCES

In addition to the current funding sources for water that are identified above, the City could consider several potential new means of funding construction and ongoing operation of water-related infrastructure in the River Terrace subarea plan district. At this stage in the planning process, we are listing potential funding sources that have legal precedence in Oregon. Potential sources of capital and operating funding for the water utility are identified and evaluated at the end of this memorandum in **Exhibit 3**.

New Construction

Options for financing capital needs include the following:

- Area-Specific Water Utility Rates
- Water SDCs (citywide and/or area-specific)
- Special Assessments (such as Local Improvement Districts or Reimbursement Districts)
- Urban Renewal Area
- Bonds (General Obligation Bonds, Full Faith and Credit Bonds, Revenue Bonds, etc.)
- Special Programs
- Developer Contributions

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River Terrace Water Utility Funding Options

Area-Specific Water Utility Rates

To the extent that a specific area imposes costs (whether capital or operating) on a utility that the remainder of the customer base does not impose, area-specific rates can be justified. Implementing area-specific rates can take a couple of different forms. On the one hand, the entire utility service area can be divided into districts, and each district can have its own rate schedule. On the other hand, a base charge could be imposed in the entire utility service area with surcharges imposed only in those areas of higher cost.

Water SDCs

ORS 223.297 to 223.314 allows local governments to impose SDCs for capital improvements related to water. SDCs are one-time fees imposed on new development or certain types of major redevelopment. They are intended to recover a fair share of the costs of existing and planned facilities that provide capacity to serve growth. SDCs cannot be used for operation or routine maintenance.

As mentioned above, the City already has SDCs for water. These could be updated to include additional capital projects within River Terrace. The process of adopting a new methodology and water SDCs citywide may result in a higher water SDC for any new development in the City.^b However, the disadvantage with this approach is that there would be no assurance that a water project within the River Terrace area would receive SDC funding in the near-term as there are dozens of other SDC-eligible projects slated for construction.

Another option is the adoption of a new supplemental River Terrace water SDC, which would affect development only within River Terrace. An advantage of this approach is that the City could dedicate these supplemental SDC funds to eligible water projects within River Terrace. A possible disadvantage is an increase in the overall development fees in River Terrace to a level that dissuades private investment activity.

Special Assessments

Local governments can assess specific property owners that benefit from the construction of local facilities through local improvement districts (LIDs) or reimbursement districts.

ORS 223.387 to 223.401 provides local governments the statutory authority to establish LIDs and levy special assessments on the benefited property to pay for improvements. LIDs result in upfront or annual payments from affected property owners within a district. LIDs are payable in annual installments for up to 30 years. LIDs are generally used for capital improvement projects that benefit numerous large tenants and/or private property owners. The future revenue stream generated by LIDs can be used by local governments to obtain financing through the use of loans or bonds.

Similar to LIDs are reimbursement districts. Local governments can negotiate public/private advance financing arrangements with developers, where a developer agrees to front capital improvements/investment within a designated zone of benefit district (ZBD). The local government that adopts a zone of benefit applies a special development impact fee that is charged based on a proportional benefit to properties for the capital infrastructure. The developer is then partially reimbursed when future land use development approvals are granted within the ZBD over a period that usually extends 10-15 years. However, there is no guarantee that future revenues will be as steady and reliable as LID or property tax assessments.

Urban Renewal Area

There may be opportunities to utilize funding from the creation of a new River Terrace Urban Renewal Area (URA) for eligible economic development improvements in accordance with ORS Chapter 457. In

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River Terrace Water Utility Funding Options

many cases, URA funds are combined with other local funding sources (e.g., LIDs) to leverage non-local grants or loans.

Maximum Indebtedness Requirements

After the passage of House Bill 3056 (passed by the Oregon Legislature in 2009) urban renewal agencies have new limits on the amounts of maximum indebtedness (MI) in an urban renewal plan adopted after January 1, 2010.

- ◆ If the total “frozen tax base” is \$50 million or less (as in the case of River Terrace where existing assessed market valuation was \$31.84 million in 2013), the total MI may not exceed \$50 million (ORS 457.190(4)(a)).
- ◆ Under ORS 457.220, increases in MI may not exceed an aggregate of 20% of the original MI of the UR Plan, but with an “indexing” of the original MI from July 1, 1999 or one year after the plan was initially approved, whichever is later. Indexing may only happen once.

Revenue Sharing Possibilities

There are also new possibilities for revenue sharing with overlapping districts for plans adopted or substantially amended to increase MI after January 1, 2010. Revenue sharing among overlapping tax districts begins in the later of the 11th year after the initial plan was adopted, or when division of tax collections equal or exceed 10% of the initial MI. For any year when division of tax collections equal or exceed 10% of the initial MI, but are less than 12.5% of the initial MI, the UR agency receives the 10%, plus 25% of the tax increment between 10% and 12.5%. Overlapping tax districts receive 75% of the tax increment between 10% and 12.5%. For any year when division of tax collections equal or exceed 12.5% of the initial MI, the UR agency receives the 12.5% tax increment, and any tax increment collections greater than 12.5% are distributed to overlapping taxing districts.

Concurrence Waivers

Variations in the maximum indebtedness requirements and the revenues sharing provisions can occur if the municipality obtains the written concurrence of the overlapping tax districts that impose at least 75% of the taxes imposed under the permanent rate limits in the URA.

In light of these and other URA provisions, the City may consider the creation of a new River Terrace URA in accordance with requirements set forth in ORS Chapter 457.

Bonds

As the City is aware, bonds are a common means of financing water projects whose benefits are not confined to a single local area.

General obligation (GO) bonds are advantageous, because their debt service is funded by a property tax levy that is outside the limits of Measure 5. However, GO bonds do require voter approval.

Revenue bonds are a form of debt financing that does not require voter approval. However, revenue bonds do require an ongoing source of revenue that can be pledged to payment of debt service. A parks utility fee, whether established by the City or a park and recreation district, could serve this purpose. Revenue bonds are subject to debt service coverage requirements.

A hybrid of these two bond types is the full faith and credit obligation (FFCO). This type of bond represents an unsecured claim on all the revenue streams of an agency without the pledge of any particular revenue stream. FFCOs do not require voter approval, and they are not subject to debt service coverage requirements.

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River Terrace Water Utility Funding Options

Special Programs

The City may utilize private bank loans or state loans to make strategic capital facility upgrades. Given the City's limited operating revenues, bank loans would only be viable for smaller budget improvements that promise rapid return on the investment. State loan funds available from Business Oregon currently include the Special Public Works funds that are available on a competitive basis to public jurisdictions and can fund projects up to \$3 million in size. Oregon Bond Bank or Oregon Infrastructure Finance Authority loan funds may be available if the project is well secured and other funding alternatives are not available.

Developer Contributions

An indirect way of using SDCs to fund capital improvements is to provide SDC credits to developers who construct "qualified public improvements" as defined in ORS 223.304(4). For smaller facilities that will serve a single development, the City can require a developer to construct the facility as a condition of development approval. In cases where dedicated cost of public facilities are eligible for System Development Charge credits, the developer may be entitled to an amount of SDC credit based on the amount of the SDC improvement charge and the value of the land and/or capital facility provided.

Potential Funding of Operational Needs

User charges, especially water rates, will continue to be the water utility's primary means of meeting its operational needs.

To the extent that a specific area imposes costs (whether capital or operating) on a utility that the remainder of the customer base does not impose, area-specific rates can be justified. Implementing area-specific rates usually occur in two different forms: 1) the entire utility service area can be divided into districts, and each district can have its own rate schedule; or 2) a base charge could be imposed in the entire utility service area with surcharges imposed only in those areas of higher cost.

NEXT STEPS

Once the city receives input from the River Terrace Technical Advisory Committee and the River Terrace Stakeholder Working Group on the advantages and disadvantages of these water utility funding options, FCS GROUP will work with city staff to "shortlist" funding options for additional consideration.

Exhibit 3

River Terrace Water Facility Funding Options

Funding Option	Considerations					
	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Advantages	Disadvantages
Water Utility Rates (including area-specific rates)	Citywide or River Terrace Dist.	City Council	\$	\$\$\$	Flexible funding with local precedence	Pay-as-you-go funding for capital projects may not be available when needed.
Water System Development Charge Update (SDCs)	Citywide	City Council	\$\$		Existing citywide water SDC can be updated to include River Terrace projects.	River Terrace projects would not have priority over other city projects. SDCs cannot fund O&M costs.
Supplemental River Terrace Water SDCs	River Terrace	City Council	\$\$\$		New River Terrace SDC could dedicate funds to River Terrace, as development occurs	SDCs cannot fund O&M costs.
Special Assessments (LIDs or Reimbursement District)	River Terrace	Property Owners & City	\$\$		Addresses specific capital improvements with construction timelines; equitable cost allocation results in majority support by affected prop. owners	Some risk to city in case of property owner default on payments
Urban Renewal Area (URA)	River Terrace	City Voters	\$\$\$		New URA could generate funds as development occurs; can be used on wide range of capital projects	URAs cannot fund O&M costs; requires citywide voter approval in Tigard

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River Terrace Water Utility Funding Options

Exhibit 3 (continued)

Funding Option	Considerations					
	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Advantages	Disadvantages
General Obligation Bonds (voter approved)	Project Specific	City Voters	\$\$\$		Project-specific funding source with dedicated source of stable revenue (property tax). Limited risk to City	Public voter referendum has admin cost to City with no guaranteed outcome. Cannot be used for O&M
Full Faith & Credit Bonds (not voter approved)	Project Specific	City Council	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Cannot be used for O&M
Revenue Bonds	Project Specific	City Council	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than GO Bonds. Cannot be used for O&M
Special Programs	Project Specific	City Council	\$\$	\$	Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than Bond issues
Developer Contributions	Project Specific	City Council & Developer	\$		Developer constructs facility to city standard as a condition of approval; can be eligible for SDC credit.	Limited applicability

Source: FCS GROUP and City staff.

Legend:

\$ least positive

\$\$\$ most positive

To: Susan Shanks and Toby LaFrance, City of Tigard

Date: December 12, 2013

From: Todd Chase and Doug Gabbard, FCS GROUP

CC: Derek Chisholm, Otak

RE: Transportation Funding Options for River Terrace

INTRODUCTION

This document identifies River Terrace transportation funding options available to the City of Tigard. The purpose of this memorandum is to provide input for discussion by city staff, elected officials and interested stakeholders prior to the formulation of a locally preferred financing and funding strategy.

CURRENT TRANSPORTATION FUNDING

The City's transportation program is managed by the Engineering Division, Street Maintenance Division and Street Lights and Signals Division of the Public Works Department. Several revenue streams support this program. They are summarized below in **Exhibit 1** and then reviewed in greater detail.

River Terrace Transportation Funding Options

Transportation-Related Revenues

Exhibit 1

Description	Fund	Budget for FY 2013-14		
		For Operations and Debt Service	For Capital Projects Only	Total
Gas tax	Gas Tax	\$ 2,910,855	\$ -	\$ 2,910,855
Street Maintenance Fee	Street Maintenance Fee	100,000	1,846,284	1,946,284
Gas tax	City Gas Tax	-	720,877	720,877
Intergovernmental revenue	Gas Tax	636,600	-	636,600
Transfer from Underground Utility Fund	Transportation CIP	-	250,000	250,000
Transfer from Water Fund	Transportation CIP	-	209,624	209,624
Other gas tax	Gas Tax	199,397	-	199,397
TDT fees	Transportation Development Tax	-	176,678	176,678
Transfer from Stormwater Fund	Transportation CIP	-	139,000	139,000
Recovered expenditures	Gas Tax	60,297	-	60,297
Interest earnings	Gas Tax	55,732	-	55,732
Interest earnings	City Gas Tax	-	34,584	34,584
Recovered expenditures	City Gas Tax	-	31,735	31,735
Transfer from Sanitary Sewer Fund	Transportation CIP	-	16,000	16,000
Interest earnings	Transportation Development Tax	-	11,279	11,279
Interest earnings	Traffic Impact Fee	-	4,000	4,000
State grants	City Gas Tax	-	3,142	3,142
Street lighting fees	Gas Tax	2,186	-	2,186
Interest earnings	Street Maintenance Fee	-	2,043	2,043
Fee-in-lieu bicycle striping	Gas Tax	416	-	416
Bad debt	Street Maintenance Fee	-	(5,050)	(5,050)
Total		<u>\$ 3,965,483</u>	<u>\$ 3,440,196</u>	<u>\$ 7,405,679</u>
		54%	46%	100%

Source: FY 2013-14 Adopted Budget and City staff

New Construction of Capital Projects

As shown in **Exhibit 1**, only 46 percent of the City’s transportation-related revenues are restricted (either by law or by practice) to capital projects. These include the following:

- Street maintenance fee
- City gas tax of three cents per gallon
- Transfers from the City’s utility funds
- Distributions from the county’s Transportation Development Tax

The remaining 54 percent of the City’s transportation-related revenues can be expended on either operations or capital projects. Sources of these revenues are discussed below.

Operations

The City has a number of transportation-related revenue sources that can be expended on either operational needs or capital needs. These include the following:

- Distributions from the State Highway Fund
- Distributions from the county gas tax of one cent per gallon

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River Terrace Transportation Funding Options

POTENTIAL FUNDING SOURCES

In addition to the current funding sources for transportation that are identified above, the City could consider several potential new means of funding construction and ongoing operation of transportation-related infrastructure in the River Terrace subarea plan district. The potential sources of capital and operating funding discussed below are also identified and evaluated at the end of this memorandum in **Exhibit 2**.

New Construction

Options for financing capital needs include both revenue sources and financing mechanisms. Ultimately, new expenditures require new revenues. However, financing mechanisms can be used to delay or attenuate the need for additional revenue.

Potential revenue sources include the following:

- Transportation SDCs (citywide and/or area-specific)
- Washington County Transportation Development Tax (TDT)
- Special Assessments (such as Local Improvement Districts or Reimbursement Districts)
- Urban Renewal Area
- Developer Contributions
- Major Streets Transportation Improvement Program
- County Service District

Potential financing mechanisms include the following:

- Bonds (General Obligation Bonds, Full Faith and Credit Bonds, Revenue Bonds, etc.)
- Special Programs

Transportation SDCs

ORS 223.297 to 223.314 allows local governments to impose SDCs for capital improvements related to transportation. SDCs are one-time fees imposed on new development or certain types of major redevelopment. They are intended to recover a fair share of the costs of existing and planned facilities that provide capacity to serve growth. SDCs cannot be used for operation or routine maintenance.

Although the City already receives distributions from the Transportation Development Tax, the City could impose its own transportation SDC. Such an SDC could be citywide, or it could be an area-specific SDC that recovers the cost of growth-related transportation projects within River Terrace.

Washington County Transportation Development Tax (TDT)

Approved by 70 percent of Washington County voters on November 4, 2008 (Measure No. 34-164), the Transportation Development Tax (TDT) replaced the previous tax, known as the Traffic Impact Fee. The TDT went into effect on July 1, 2009, and should have been fully implemented by July 1, 2012. When fully implemented, the TDT will fund 28 percent of over \$2 billion in projects countywide. Due to actions taken by the Washington County Board of Commissioners, the TDT has yet to be fully implemented. The TDT is levied countywide, including incorporated areas.

Since River Terrace is located within Washington County, the city may explore the use of TDT revenues for eligible facilities listed on the TDT project list. Eligibility is limited to collector and arterial streets and designated multiuse pathways.

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River Terrace Transportation Funding Options

Special Assessments

Local governments can assess specific property owners that benefit from the construction of local facilities through local improvement districts (LIDs) or reimbursement districts.

ORS 223.387 to 223.401 provides local governments the statutory authority to establish LIDs and levy special assessments on the benefited property to pay for improvements. LIDs result in upfront or annual payments from affected property owners within a district. LIDs are payable in annual installments for up to 30 years. LIDs are generally used for capital improvement projects that benefit numerous large tenants and/or private property owners. The future revenue stream generated by LIDs can be used by local governments to obtain financing through the use of loans or bonds.

Similar to LIDs are reimbursement districts. Local governments can negotiate public/private advance financing arrangements with developers, where a developer agrees to front capital improvements/investment within a designated zone of benefit district (ZBD). The local government that adopts a zone of benefit applies a special development impact fee that is charged based on a proportional benefit to properties for the capital infrastructure. The developer is then partially reimbursed when future land use development approvals are granted within the ZBD over a period that usually extends 10-15 years. However, there is no guarantee that future revenues will be as steady and reliable as LID or property tax assessments.

Urban Renewal Area

There may be opportunities to utilize funding from the creation of a new River Terrace Urban Renewal Area (URA) for eligible economic development improvements in accordance with ORS Chapter 457. In many cases, URA funds are combined with other local funding sources (e.g., LIDs) to leverage non-local grants or loans.

Maximum Indebtedness Requirements

After the passage of House Bill 3056 (passed by the Oregon Legislature in 2009) urban renewal agencies have new limits on the amounts of maximum indebtedness (MI) in an urban renewal plan adopted after January 1, 2010.

- ◆ If the total “frozen tax base” is \$50 million or less (as in the case of River Terrace where existing assessed market valuation was \$31.84 million in 2013), the total MI may not exceed \$50 million (ORS 457.190(4)(a)).
- ◆ Under ORS 457.220, increases in MI may not exceed an aggregate of 20% of the original MI of the UR Plan, but with an “indexing” of the original MI from July 1, 1999 or one year after the plan was initially approved, whichever is later. Indexing may only happen once.

Revenue Sharing Possibilities

There are also new possibilities for revenue sharing with overlapping districts for plans adopted or substantially amended to increase MI after January 1, 2010. Revenue sharing among overlapping tax districts begins in the later of the 11th year after the initial plan was adopted, or when division of tax collections equal or exceed 10% of the initial MI. For any year when division of tax collections equal or exceed 10% of the initial MI, but are less than 12.5% of the initial MI, the UR agency receives the 10%, plus 25% of the tax increment between 10% and 12.5%. Overlapping tax districts receive 75% of the tax increment between 10% and 12.5%. For any year when division of tax collections equal or exceed 12.5% of the initial MI, the UR agency receives the 12.5% tax increment, and any tax increment collections greater than 12.5% are distributed to overlapping taxing districts.

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River Terrace Transportation Funding Options

Concurrence Waivers

Variations in the maximum indebtedness requirements and the revenues sharing provisions can occur if the municipality obtains the written concurrence of the overlapping tax districts that impose at least 75% of the taxes imposed under the permanent rate limits in the URA.

In light of these and other URA provisions, the City may consider the creation of a new River Terrace URA in accordance with requirements set forth in ORS Chapter 457.

Developer Contributions

An indirect way of using SDCs to fund capital improvements is to provide SDC credits to developers who construct “qualified public improvements” as defined in ORS 223.304(4). For smaller facilities that will serve a single development, the City can require a developer to construct the facility as a condition of development approval. In cases where dedicated cost of public facilities are eligible for SDC credits, the developer may be entitled to an amount of SDC credit based on the amount of the SDC improvement charge and the value of the land and/or capital facility provided.

Major Streets Transportation Improvement Program

The Major Streets Transportation Improvement Program (MSTIP) is managed by Washington County in collaboration with city governments. Under this program, the County dedicates a portion of its permanent rate property tax revenue to transportation projects that improve major transportation corridors throughout the county. In fiscal year 2013-14, the County is transferring \$32.7 million from its General Fund to MSTIP.¹ However, most MSTIP funding is “committed” and not available for major transportation improvements in or near River Terrace, unless a new MSTIP program is passed by county voters.

County Service District

A new River Terrace County Service District (CSD) could be considered to fund both capital and operating costs of eligible public facilities in River Terrace, including roads, as long as the CSD is created in accordance with ORS Chapters 198 and 451. Formation of a CSD is initiated either by the county government or by petition to the county government. To the extent that the proposed territory of the district includes incorporated areas, the governing body of any affected city must consent to the district’s formation. Then a majority vote among registered voters within the district would be required to authorize a maximum property tax rate for the stated purpose within the district.

A recent example in Washington County is the formation of the North Bethany CSD in 2011 for the purpose of providing a dedicated source of funding for roads at a maximum levy not to exceed 25 cents per \$1,000 of assessed value.

Bonds

Bonds are a common means of financing transportation projects whose benefits are not confined to a single local area.

General obligation (GO) bonds are advantageous, because their debt service is funded by a property tax levy that is outside the limits of Measure 5. However, GO bonds do require voter approval.

Revenue bonds are a form of debt financing that does not require voter approval. However, revenue bonds do require an ongoing source of revenue that can be pledged to payment of debt service. The

¹ Washington County, “Adopted Budget Detail: Fiscal Year 2013-2014,” page 560.

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River Terrace Transportation Funding Options

street maintenance fee could serve this purpose. Revenue bonds are subject to debt service coverage requirements.

A hybrid of these two bond types is the full faith and credit obligation (FFCO). This type of bond represents an unsecured claim on all the revenue streams of an agency without the pledge of any particular revenue stream. FFCOs do not require voter approval, and they are not subject to debt service coverage requirements.

Special Programs

The City may utilize private bank loans or state loans to make strategic capital facility upgrades. State loan funds available from Business Oregon currently include the Special Public Works funds that are available on a competitive basis to public jurisdictions and can fund projects up to \$3 million in size. Oregon Bond Bank or Oregon Infrastructure Finance Authority loan funds may be available if the project is well secured and other funding alternatives are not available.

Potential Funding of Operational Needs

Of the potential funding sources discussed above, only property tax provided by the CSD can be expended on operational needs.

NEXT STEPS

Once the city receives input from the River Terrace Technical Advisory Committee and the River Terrace Stakeholder Working Group on the advantages and disadvantages of these transportation funding options, FCS GROUP will work with city staff to “shortlist” funding options for additional consideration.

Exhibit 2

River Terrace Transportation Funding Options

Considerations						
Funding Option	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Advantages	Disadvantages
Transportation System Development Charge (SDC)	Citywide or River Terrace Dist.	City Council	\$\$\$		New River Terrace SDC could dedicate funds to River Terrace, as development occurs	SDCs cannot fund O&M costs.
Transportation Development Tax (TDT)	Citywide or River Terrace Dist.	County	\$\$		Existing TDT project list may be amended to include specified collector or arterial projects in River Terrace	TDT fund allocations to city would not increase unless city/county agreement was adopted
Special Assessments (LIDs or Reimbursement District)	River Terrace	Property Owners & City	\$\$		Addresses specific capital improvements with construction timelines; equitable cost allocation results in majority support by affected prop. owners	Some risk to city in case of property owner default on payments
Urban Renewal Area (URA)	River Terrace	City Voters	\$\$\$		New URA could generate funds as development occurs; can be used on wide range of capital projects	URAs cannot fund O&M costs; requires citywide voter approval in Tigard

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River Terrace Transportation Funding Options

Exhibit 2 (continued)

Funding Option	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Considerations	
					Advantages	Disadvantages
General Obligation Bonds (voter approved)	Project Specific	City Voters	\$\$\$		Project-specific funding source with dedicated source of stable revenue (property tax). Limited risk to City	Public voter referendum has admin cost to City with no guaranteed outcome. Cannot be used for O&M
Full Faith & Credit Bonds (not voter approved)	Project Specific	City Council	\$\$		Project-specific funding source with no debt service coverage requirements	Risk to City depends on sources of dedicated revenues. Cannot be used for O&M
Revenue Bonds	Project Specific	City Council	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than GO Bonds. Cannot be used for O&M
Special Programs	Project Specific	City Council	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than Bond issues
Developer Contributions	Project Specific	City Council & Developer	\$\$		Developer constructs facility to city standard as a condition of approval; can be eligible for SDC credit.	Limited applicability, may result in piece meal construction
Major Streets Transportation Improvement Program (MSTIP)	Project Specific	County	\$\$		Projects are funded by County.	City is not in control of project selection process.
County Service District (CSD)	Service Area	County or Petitioners	\$\$	\$\$	Reliable source of tax revenue for both capital projects and O&M.	Requires voter approval and separate administrative infrastructure.

Legend:

\$ least positive

\$\$\$ most positive

Source: FCS GROUP and City staff.

To: Susan Shanks and Toby LaFrance, City of Tigard

Date: December 12, 2013

From: Todd Chase and Doug Gabbard, FCS GROUP

CC: Derek Chisholm, Otak

RE: Wastewater Funding Options for River Terrace

INTRODUCTION

This document identifies River Terrace wastewater funding options available to the City of Tigard. The purpose of this memorandum is to provide input for discussion by city staff, elected officials and interested stakeholders prior to the formulation of a locally preferred financing and funding strategy.

CURRENT WASTEWATER SERVICE AND ITS FUNDING

Both Tigard and River Terrace are located in the Tualatin River watershed. In this watershed, wastewater treatment is provided by Clean Water Services (CWS), a county service district that provides wastewater and stormwater services to an area with over 542,000 residents.¹

Within this district, cities have the option of providing services and facilities beyond those provided by CWS. To recover their costs, cities may also charge their own fees in addition to those charged by CWS.

New Construction of Capital Projects

Both the City and CWS provide funding for the capital needs of wastewater services in Tigard. Based on its current capital improvement plan, the City plans to budget an average of \$1.7 million per year for wastewater projects.² CWS budgets approximately \$51 million per year for wastewater projects districtwide.³

The City currently has two revenue sources for capital projects. The first source, a 16 percent share of wastewater rates imposed by CWS, provides approximately \$1.5 million per year.⁴ However, capital needs must compete with operational needs for these revenues. In addition, the City's intergovernmental agreement with CWS provides that the entire five percent franchise fee on all sewer revenues comes out of this 16 percent. As a result, the City's share of wastewater rates is effectively 11 percent. The second

¹ Clean Water Services, "Clean Water Services--At a Glance," page 1.

² City of Tigard, "Capital Improvement Plan," fiscal years 2014-2018, page 59.

³ Clean Water Services, "Proposed Fiscal Year 2013-2014 Budget," page 70.

⁴ City of Tigard, "FY 2013-14 Adopted Budget," page 367.

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River Terrace Wastewater Funding Options

source, a 4.0 percent share of wastewater system development charges (SDCs) imposed by CWS, provides approximately \$26,000 per year.⁵

Operations

The Sanitary Sewer Division of the City's Public Works Department has current budgeted operational needs of \$2.0 million per year.⁶ These needs are financed primarily with a 16 percent share of wastewater rates imposed by CWS.

POTENTIAL FUNDING SOURCES

In addition to the current funding sources for wastewater that are identified above, the City could consider several potential new means of funding construction and ongoing operation of wastewater-related infrastructure in the River Terrace subarea plan district. This discussion focuses on revenue sources that the City can implement apart from CWS. These potential sources of capital and operating funding for the wastewater utility are identified and evaluated at the end of this memorandum in **Exhibit 1**.

New Construction

Options for financing capital needs include both revenue sources and financing mechanisms. Ultimately, new expenditures require new revenues. However, financing mechanisms can be used to delay or attenuate the need for additional revenue.

Potential revenue sources include the following:

- Area-Specific Wastewater Utility Rates
- Wastewater SDCs (citywide and/or area-specific)
- Special Assessments (such as Local Improvement Districts or Reimbursement Districts)
- Urban Renewal Area
- Developer Contributions

Potential financing mechanisms include the following:

- Bonds (General Obligation Bonds, Full Faith and Credit Bonds, Revenue Bonds, etc.)
- Special Programs

Area-Specific Wastewater Utility Rates

To the extent that a specific area imposes costs (whether capital or operating) on a utility that the remainder of the customer base does not impose, area-specific rates can be justified. Implementing area-specific rates can take a couple of different forms. On the one hand, the entire utility service area can be divided into districts, and each district can have its own rate schedule. On the other hand, a base charge could be imposed in the entire utility service area with surcharges imposed only in those areas of higher cost.

Although CWS charges wastewater utility rates, the City is free to impose its own rates.

⁵ City of Tigard, "FY 2013-14 Adopted Budget," page 367.

⁶ City of Tigard, "FY 2013-14 Adopted Budget," page 183.

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River Terrace Wastewater Funding Options

Wastewater SDCs

ORS 223.297 to 223.314 allows local governments to impose SDCs for capital improvements related to water. SDCs are one-time fees imposed on new development or certain types of major redevelopment. They are intended to recover a fair share of the costs of existing and planned facilities that provide capacity to serve growth. SDCs cannot be used for operation or routine maintenance.

As mentioned above, the City already collects a portion of the wastewater SDC that is imposed by CWS. In addition, the City could impose its own wastewater SDC. Such an SDC could be citywide, or it could be an area-specific SDC that recovers the cost of growth-related wastewater projects within River Terrace.

Special Assessments

Local governments can assess specific property owners that benefit from the construction of local facilities through local improvement districts (LIDs) or reimbursement districts.

ORS 223.387 to 223.401 provides local governments the statutory authority to establish LIDs and levy special assessments on the benefited property to pay for improvements. LIDs result in upfront or annual payments from affected property owners within a district. LIDs are payable in annual installments for up to 30 years. LIDs are generally used for capital improvement projects that benefit numerous large tenants and/or private property owners. The future revenue stream generated by LIDs can be used by local governments to obtain financing through the use of loans or bonds.

Similar to LIDs are reimbursement districts. Local governments can negotiate public/private advance financing arrangements with developers, where a developer agrees to front capital improvements/investment within a designated zone of benefit district (ZBD). The local government that adopts a zone of benefit applies a special development impact fee that is charged based on a proportional benefit to properties for the capital infrastructure. The developer is then partially reimbursed when future land use development approvals are granted within the ZBD over a period that usually extends 10-15 years. However, there is no guarantee that future revenues will be as steady and reliable as LID or property tax assessments.

Urban Renewal Area

There may be opportunities to utilize funding from the creation of a new River Terrace Urban Renewal Area (URA) for eligible economic development improvements in accordance with ORS Chapter 457. In many cases, URA funds are combined with other local funding sources (e.g., LIDs) to leverage non-local grants or loans.

Maximum Indebtedness Requirements

After the passage of House Bill 3056 (passed by the Oregon Legislature in 2009) urban renewal agencies have new limits on the amounts of maximum indebtedness (MI) in an urban renewal plan adopted after January 1, 2010.

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River Terrace Wastewater Funding Options

- ◆ If the total “frozen tax base” is \$50 million or less (as in the case of River Terrace where existing assessed market valuation was \$31.84 million in 2013), the total MI may not exceed \$50 million (ORS 457.190(4)(a)).
- ◆ Under ORS 457.220, increases in MI may not exceed an aggregate of 20% of the original MI of the UR Plan, but with an “indexing” of the original MI from July 1, 1999 or one year after the plan was initially approved, whichever is later. Indexing may only happen once.

Revenue Sharing Possibilities

There are also new possibilities for revenue sharing with overlapping districts for plans adopted or substantially amended to increase MI after January 1, 2010. Revenue sharing among overlapping tax districts begins in the later of the 11th year after the initial plan was adopted, or when division of tax collections equal or exceed 10% of the initial MI. For any year when division of tax collections equal or exceed 10% of the initial MI, but are less than 12.5% of the initial MI, the UR agency receives the 10%, plus 25% of the tax increment between 10% and 12.5%. Overlapping tax districts receive 75% of the tax increment between 10% and 12.5%. For any year when division of tax collections equal or exceed 12.5% of the initial MI, the UR agency receives the 12.5% tax increment, and any tax increment collections greater than 12.5% are distributed to overlapping taxing districts.

Concurrence Waivers

Variations in the maximum indebtedness requirements and the revenues sharing provisions can occur if the municipality obtains the written concurrence of the overlapping tax districts that impose at least 75% of the taxes imposed under the permanent rate limits in the URA.

In light of these and other URA provisions, the City may consider the creation of a new River Terrace URA in accordance with requirements set forth in ORS Chapter 457.

Developer Contributions

An indirect way of using SDCs to fund capital improvements is to provide SDC credits to developers who construct “qualified public improvements” as defined in ORS 223.304(4). For smaller facilities that will serve a single development, the City can require a developer to construct the facility as a condition of development approval. In cases where dedicated cost of public facilities are eligible for SDC credits, the developer may be entitled to an amount of SDC credit based on the amount of the SDC improvement charge and the value of the land and/or capital facility provided.

Bonds

Bonds are a common means of financing wastewater projects whose benefits are not confined to a single local area.

General obligation (GO) bonds are advantageous, because their debt service is funded by a property tax levy that is outside the limits of Measure 5. However, GO bonds do require voter approval.

Revenue bonds are a form of debt financing that does not require voter approval. However, revenue bonds do require an ongoing source of revenue that can be pledged to payment of debt service. Revenue bonds are subject to debt service coverage requirements.

A hybrid of these two bond types is the full faith and credit obligation (FFCO). This type of bond represents an unsecured claim on all the revenue streams of an agency without the pledge of any particular revenue stream. FFCOs do not require voter approval, and they are not subject to debt service coverage requirements.

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River Terrace Wastewater Funding Options

Special Programs

The City may utilize private bank loans or state loans to make strategic capital facility upgrades. State loan funds available from Business Oregon currently include the Special Public Works funds that are available on a competitive basis to public jurisdictions and can fund projects up to \$3 million in size. Oregon Bond Bank or Oregon Infrastructure Finance Authority loan funds may be available if the project is well secured and other funding alternatives are not available.

Potential Funding of Operational Needs

User charges will continue to be the City's primary means of meeting the operational needs of its wastewater utility.

To the extent that a specific area imposes costs (whether capital or operating) on a utility that the remainder of the customer base does not impose, area-specific rates can be justified. Implementing area-specific rates usually occur in one of two forms: either (1) the entire utility service area is divided into districts with each district having its own rate schedule or (2) a base charge is imposed in the entire utility service area with surcharges imposed only in those areas of higher cost.

NEXT STEPS

Once the city receives input from the River Terrace Technical Advisory Committee and the River Terrace Stakeholder Working Group on the advantages and disadvantages of these wastewater utility funding options, FCS GROUP will work with city staff to "shortlist" funding options for additional consideration.

Exhibit 1

River Terrace Wastewater Facility Funding Options

Considerations						
Funding Option	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Advantages	Disadvantages
Wastewater Utility Rates (including area-specific rates)	Citywide or River Terrace Dist.	City Council	\$	\$\$\$	Flexible funding with local precedence	Pay-as-you-go funding for capital projects may not be available when needed.
Wastewater System Development Charge (SDC) Update	Citywide	City Council	\$\$		Existing citywide water SDC can be updated to include River Terrace projects.	River Terrace projects would not have priority over other city projects. SDCs cannot fund O&M costs.
Supplemental River Terrace Wastewater SDCs	River Terrace	City Council	\$\$		New River Terrace SDC could dedicate funds to River Terrace, as development occurs	SDCs cannot fund O&M costs.
Special Assessments (LIDs or Reimbursement District)	River Terrace	Property Owners & City	\$\$		Addresses specific capital improvements with construction timelines; equitable cost allocation results in majority support by affected prop. owners	Some risk to city in case of property owner default on payments
Urban Renewal Area (URA)	River Terrace	City Voters	\$\$		New URA could generate funds as development occurs; can be used on wide range of capital projects	URAs cannot fund O&M costs; requires citywide voter approval in Tigard

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River Terrace Wastewater Funding Options

Exhibit 3 (continued)

Funding Option	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Considerations	
					Advantages	Disadvantages
General Obligation Bonds (voter approved)	Project Specific	City Voters	\$\$\$		Project-specific funding source with dedicated source of stable revenue (property tax). Limited risk to City	Public voter referendum has admin cost to City with no guaranteed outcome. Cannot be used for O&M
Full Faith & Credit Bonds (not voter approved)	Project Specific	City Council	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Cannot be used for O&M
Revenue Bonds	Project Specific	City Council	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than GO Bonds. Cannot be used for O&M
Special Programs	Project Specific	City Council	\$\$	\$	Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than Bond issues
Developer Contributions	Project Specific	City Council & Developer	\$\$		Developer constructs facility to city standard as a condition of approval; can be eligible for SDC credit.	Limited applicability

Legend:

\$ least positive

\$\$\$ most positive

Source: FCS GROUP and City staff.

To: Susan Shanks and Toby LaFrance, City of Tigard
From: Todd Chase and Doug Gabbard, FCS GROUP
CC: Derek Chisholm, Otak
RE: Stormwater Utility Funding Options for River Terrace

Date: December 12, 2013

INTRODUCTION

This document identifies River Terrace stormwater utility funding options available to the City of Tigard. The purpose of this memorandum is to provide input for discussion by city staff, elected officials and interested stakeholders prior to the formulation of a locally preferred financing and funding strategy.

CURRENT STORMWATER SERVICE AND ITS FUNDING

Both Tigard and River Terrace are located in the Tualatin River watershed. In this watershed, stormwater management is provided by the City of Tigard (within city limits) and Clean Water Services (CWS), a county service district that provides wastewater and stormwater services to an area with over 542,000 residents.¹

Within this district, cities have the option of providing services and facilities beyond those provided by CWS. To recover their costs, cities may also charge their own fees in addition to those charged by CWS.

New Construction of Capital Projects

Based on its current capital improvement plan, the City plans to budget an average of \$262,400 per year for stormwater projects.² CWS budgets approximately \$3 million per year for stormwater project district-wide, but does not expect to fund capital stormwater facilities within the River Terrace district.³

The City currently has three revenue sources for capital projects. The first two, a 75 percent share of stormwater rates set by CWS (and collected/retained by the City of Tigard) and a surcharge of \$2 per month for stormwater system maintenance,⁴ provide approximately \$2 million per year to the City. However, capital needs must compete with operational needs for these revenues. The third revenue source is a water quality/quantity facility fee of \$500 per dwelling unit. This fee, which is a system development charge (SDC) set by CWS (and collected/retained by the City of Tigard), usually provides less than \$10,000 per year.

¹ Clean Water Services, "Clean Water Services--At a Glance," page 1.

² City of Tigard, "Capital Improvement Plan," fiscal years 2014-2018, page 75.

³ Clean Water Services, "Proposed Fiscal Year 2013-2014 Budget," page 71.

⁴ City of Tigard, "FY 2013-14 Adopted Budget," page 368.

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River Terrace Stormwater Utility Funding Options

Operations

The Stormwater Division of the City's Public Works Department has current budgeted operational needs of \$1.4 million per year. These needs are financed with a 75 percent share of stormwater rates charged by CWS and a surcharge of \$2 per month for stormwater system maintenance.

POTENTIAL FUNDING SOURCES

In addition to the current funding sources for stormwater that are identified above, the City could consider several potential new means of funding construction and ongoing operation of stormwater-related infrastructure in the River Terrace subarea plan district. This discussion focuses on revenue sources that the City can implement apart from CWS. These potential sources of capital and operating funding for the water utility are identified and evaluated at the end of this memorandum in **Exhibit 1**.

New Construction

Options for financing capital needs include both revenue sources and financing mechanisms. Ultimately, new expenditures require new revenues. However, financing mechanisms can be used to delay or attenuate the need for additional revenue.

Potential revenue sources include the following:

- Area-Specific Stormwater Utility Rates
- Stormwater SDCs (citywide and/or area-specific)
- Special Assessments (such as Local Improvement Districts or Reimbursement Districts)
- Regional Stormwater Management Charge
- Urban Renewal Area
- Developer Contributions

Potential financing mechanisms include the following:

- Bonds (General Obligation Bonds, Full Faith and Credit Bonds, Revenue Bonds, etc.)
- Special Programs

Area-Specific Stormwater Utility Rates

To the extent that a specific area imposes costs (whether capital or operating) on a utility that the remainder of the customer base does not impose, area-specific rates can be justified. Implementing area-specific rates can take a couple of different forms. On the one hand, the entire utility service area can be divided into districts, and each district can have its own rate schedule. On the other hand, a base charge could be imposed in the entire utility service area with surcharges imposed only in those areas of higher cost.

Although CWS sets current stormwater utility rates (collected/retained by the City of Tigard), the City is free to impose its own rate (as it has with the \$2 surcharge).

Stormwater SDCs

ORS 223.297 to 223.314 allows local governments to impose SDCs for capital improvements related to water. SDCs are one-time fees imposed on new development or certain types of major redevelopment. They are intended to recover a fair share of the costs of existing and planned facilities that provide capacity to serve growth. SDCs cannot be used for operation or routine maintenance.

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River Terrace Stormwater Utility Funding Options

As mentioned above, the City already collects a stormwater SDC that is imposed by CWS. In addition, the City could impose its own stormwater SDC. Such an SDC could be citywide, or it could be an area-specific SDC that recovers the cost of growth-related stormwater projects within River Terrace.

Special Assessments

Local governments can assess specific property owners that benefit from the construction of local facilities through local improvement districts (LIDs) or reimbursement districts.

ORS 223.387 to 223.401 provides local governments the statutory authority to establish LIDs and levy special assessments on the benefited property to pay for improvements. LIDs result in upfront or annual payments from affected property owners within a district. LIDs are payable in annual installments for up to 30 years. LIDs are generally used for capital improvement projects that benefit numerous large tenants and/or private property owners. The future revenue stream generated by LIDs can be used by local governments to obtain financing through the use of loans or bonds.

Similar to LIDs are reimbursement districts. Local governments can negotiate public/private advance financing arrangements with developers, where a developer agrees to front capital improvements/investment within a designated zone of benefit district (ZBD). The local government that adopts a zone of benefit applies a special development impact fee that is charged based on a proportional benefit to properties for the capital infrastructure. The developer is then partially reimbursed when future land use development approvals are granted within the ZBD over a period that usually extends 10-15 years. However, there is no guarantee that future revenues will be as steady and reliable as LID or property tax assessments.

Regional Stormwater Management Charge

CWS is developing a regional stormwater management charge (RSMC) that is a hybrid between an SDC and a reimbursement district. Initial implementation of an RSMC is planned for the North Bethany area in 2014. The RSMC is being designed in North Bethany as a mechanism to address construction of new water quality and quantify facilities for the amount of stormwater that's generated within 23 identified sub-basins. Developers would have the option of providing on-site stormwater facilities or paying the RSMC fee (based on proposed amount of \$9.00 per cubic foot of stormwater volume created). As with SDCs and reimbursement districts, an RSMC is a mechanism that is more appropriate for *ex post* cost recovery rather than *ex ante* financing. Initial capital outlays for RSMC projects are expected to be financed through capital reserves or through developer contributions (with reimbursement through RSMC revenues).

Urban Renewal Area

There may be opportunities to utilize funding from the creation of a new River Terrace Urban Renewal Area (URA) for eligible economic development improvements in accordance with ORS Chapter 457. In many cases, URA funds are combined with other local funding sources (e.g., LIDs) to leverage non-local grants or loans.

Maximum Indebtedness Requirements

After the passage of House Bill 3056 (passed by the Oregon Legislature in 2009) urban renewal agencies have new limits on the amounts of maximum indebtedness (MI) in an urban renewal plan adopted after January 1, 2010.

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River Terrace Stormwater Utility Funding Options

- ◆ If the total “frozen tax base” is \$50 million or less (as in the case of River Terrace where existing assessed market valuation was \$31.84 million in 2013), the total MI may not exceed \$50 million (ORS 457.190(4)(a)).
- ◆ Under ORS 457.220, increases in MI may not exceed an aggregate of 20% of the original MI of the UR Plan, but with an “indexing” of the original MI from July 1, 1999 or one year after the plan was initially approved, whichever is later. Indexing may only happen once.

Revenue Sharing Possibilities

There are also new possibilities for revenue sharing with overlapping districts for plans adopted or substantially amended to increase MI after January 1, 2010. Revenue sharing among overlapping tax districts begins in the later of the 11th year after the initial plan was adopted, or when division of tax collections equal or exceed 10% of the initial MI.

Concurrence Waivers

Variations in the maximum indebtedness requirements and the revenues sharing provisions can occur if the municipality obtains the written concurrence of the overlapping tax districts that impose at least 75% of the taxes imposed under the permanent rate limits in the URA.

In light of these and other URA provisions, the City may consider the creation of a new River Terrace URA in accordance with requirements set forth in ORS Chapter 457.

Developer Contributions

For smaller facilities that will serve a single development, the City can require a developer to construct the facility as a condition of development approval. In cases where dedicated cost of public facilities are eligible for SDC credits, the developer may be entitled to an amount of SDC credit based on the amount of the SDC improvement charge and the value of the land and/or capital facility provided (assuming the facility is a “qualified public improvement” as defined in ORS 223.304(4)).

As mentioned above, developers may also provide advance financing through development agreements with the City, using various means of reimbursement (such as LID or reimbursement district payments).

Bonds

Bonds are a common means of financing stormwater projects whose benefits are not confined to a single local area.

General obligation (GO) bonds are advantageous, because their debt service is funded by a property tax levy that is outside the limits of Measure 5. However, GO bonds do require voter approval.

Revenue bonds are a form of debt financing that does not require voter approval. However, revenue bonds do require an ongoing source of revenue that can be pledged to payment of debt service. Revenue bonds are subject to debt service coverage requirements.

A hybrid of these two bond types is the full faith and credit obligation (FFCO). This type of bond represents an unsecured claim on all the revenue streams of an agency without the pledge of any particular revenue stream. FFCOs do not require voter approval, and they are not subject to debt service coverage requirements.

Special Programs

The City may utilize private bank loans or state loans to make strategic capital facility upgrades. State loan funds available from Business Oregon currently include the Special Public Works funds that are available on a competitive basis to public jurisdictions and can fund projects up to \$3 million in size.

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River Terrace Stormwater Utility Funding Options

Oregon Bond Bank or Oregon Infrastructure Finance Authority loan funds may be available if the project is well secured and other funding alternatives are not available.

Potential Funding of Operational Needs

User charges, including the current stormwater rate and the City's own surcharge, will continue to be the City's primary means of meeting the operational needs of its stormwater management program.

To the extent that the River Terrace area requires stormwater facilities and costs (whether capital or operating) that the remainder of the customer base does not incur, area-specific rates can be justified. Implementing area-specific rates usually occur in one of two forms: either (1) the entire utility service area is divided into districts (i.e., sub-basins) with each district having its own rate schedule or (2) a base charge is imposed in the entire utility service area with surcharges imposed only in those areas of higher cost.

The City may also require Low Impact Development Approaches (LIDA) to mitigate stormwater run-off from new development, require on-site mitigation or impose a regional stormwater management charge to fund facilities that are necessary to meet or exceed CWS standards.

NEXT STEPS

Once the city receives input from the River Terrace Technical Advisory Committee and the River Terrace Stakeholder Working Group on the advantages and disadvantages of these stormwater utility funding options, FCS GROUP will work with city staff to "shortlist" funding options for additional consideration.

Exhibit 1

River Terrace Stormwater Facility Funding Options

Considerations						
Funding Option	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Advantages	Disadvantages
Stormwater Utility Rates (including area-specific rates)	Citywide or River Terrace Dist.	City Council	\$	\$\$\$	Flexible funding with local precedence	Pay-as-you-go funding for capital projects may not be available when needed.
Stormwater System Development Charge Update (SDCs)	Citywide	City Council	\$\$		Existing citywide SDC can be updated to include River Terrace projects.	River Terrace projects would not have priority over other city projects. SDCs cannot fund O&M costs.
Supplemental River Terrace Stormwater SDCs	River Terrace	City Council	\$\$\$		New River Terrace SDC could dedicate funds to River Terrace, as development occurs	SDCs cannot fund O&M costs.
Special Assessments (LIDs or Reimbursement District)	River Terrace	Property Owners & City	\$\$		Addresses specific capital improvements with construction timelines; equitable cost allocation results in majority support by affected prop. owners	Some risk to city in case of property owner default on payments
Regional Stormwater Management Charge (RSMC)	River Terrace	City	\$\$		Addresses specific capital improvements (like reimbursement districts) but has a standardized cost to developers (like SDCs).	As with reimbursement districts, initial capital outlays would have to be funded from another source.
Urban Renewal Area (URA)	River Terrace	City Voters	\$\$\$		New URA could generate funds as development occurs; can be used on wide range of capital projects	URAs cannot fund O&M costs; requires citywide voter approval in Tigard

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River Terrace Stormwater Utility Funding Options

Exhibit 3 (continued)

Funding Option	Area of Benefit	Lead	Capital Funding	Annual O&M Funding	Considerations	
					Advantages	Disadvantages
General Obligation Bonds (voter approved)	Project Specific	City Voters	\$\$\$		Project-specific funding source with dedicated source of stable revenue (property tax). Limited risk to City	Public voter referendum has admin cost to City with no guaranteed outcome. Cannot be used for O&M
Full Faith & Credit Bonds (not voter approved)	Project Specific	City Council	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Cannot be used for O&M
Revenue Bonds	Project Specific	City Council	\$\$		Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than GO Bonds. Cannot be used for O&M
Special Programs	Project Specific	City Council	\$\$	\$	Project-specific funding source if dedicated revenues are available	Risk to City depends on sources of dedicated revenues. Interest rates are higher than Bond issues
Developer Contributions	Project Specific	City Council & Developer	\$\$		Developer constructs facility to city standard as a condition of approval; can be eligible for SDC credit.	Limited applicability

Legend:

\$ least positive

\$\$\$ most positive

Source: FCS GROUP and City staff.