

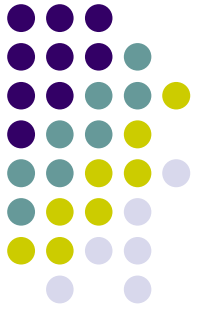


Bethany Finance Plan: Draft Funding Fact Base

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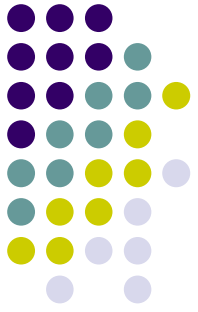
February 1, 2007

Overview of presentation



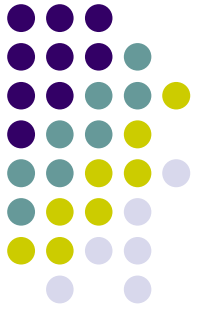
- Purpose of reports
- Brief history of public infrastructure finance in Oregon
- Revenues, costs, and the funding gap
- Tools to fill the gap
- Next steps in the process

Funding fact base purpose



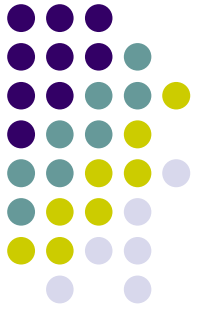
- Memo 1:
 - How infrastructure gets financed now
 - Preliminary costs and revenues
 - Preliminary estimated funding gap
- Memo 2:
 - Suggest options for managing the funding gap
 - Informs a legislative agenda to secure new tools

Context for funding fact base



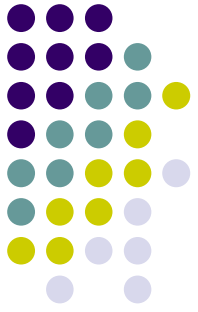
- Old system: levies with 6% increase
- Measure 5 limits property taxes
- Measure 50 imposes permanent property tax rates
- Growth still must be paid for but:
 - Capital expenses require double majority vote
 - O & M expenses increase faster than the cap
- New funding tools are needed to pay for growth

Meanwhile, in North Bethany...



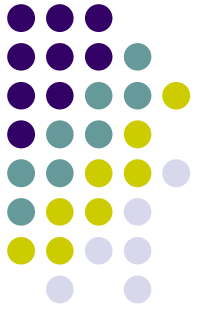
- Concept planning is underway
- County Commissioners won't adopt concept plan without finance plan
- Developers need to know that public infrastructure will be available
- County is undertaking the first coordinated concept/finance plan

Revenue tools the County uses now

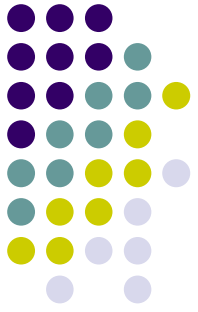


<i>Infrastructure type</i>	<i>Capital costs</i>	<i>Operations & maintenance</i>
Roads	TIF, MSTIP, grants	Gas tax, state highway trust fund, Property tax
Water, sanitary sewer & stormwater	SDCs	User fees or service charges
Parks and open space	SDCs and developer requirements	Property tax
Fire and EMS	GO Bond	Property taxes
Schools	GO Bond	Property taxes, state funds
Transit	MSTIP	MSTIP and fees
Civic building	None identified	County general fund

Costs for capital improvements



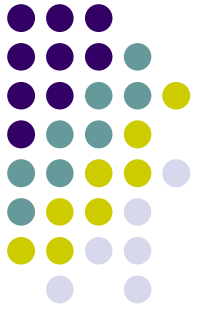
- Roads, \$232.5 mil
- Water, \$16.4 mil
- Sewer, \$13.5 mil
- Storm sewer, \$2.5 mil
- Parks and open space, \$38.8 mil
- Fire and EMS, \$10 mil
- Public safety, \$0
- Schools, \$25 mil
- Civic building, \$20 mil



Identifying the funding gap

- Capital costs fall into three categories:
 1. Already covered (water, sewer)
 2. Have a plan in place (schools)
 3. No plan in place (roads, parks)
- Finance plan focuses on costs for which no plan has been identified

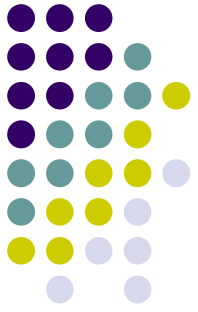
Preliminary funding gap estimate



- Analysis shows a gap for:
 - Roads, \$217.5 mil
 - Parks and open space, \$23.9 mil
 - Civic building, \$20 mil
- Other costs covered through SDC, GO bonds, or other existing sources
- New infrastructure means increased O&M costs, too
- Finance plan will explore tools to fill the gap

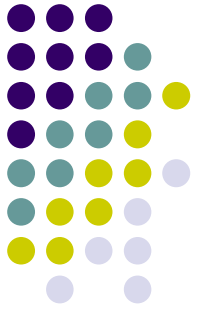
Filling the gap: Paying for general infrastructure





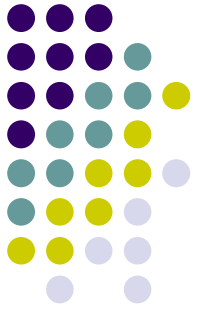
General tools (1)

- Windfall tax
 - Captures increase in property values when land is brought into the UGB
 - Requires enabling legislation
- Real estate transfer tax
 - Tax added to the cost of purchasing a property
 - Requires enabling legislation
- Partition fee
 - Fee associated with subdivision of land



General tools (2)

- Urban renewal area/tax increment
 - Allows the re-investment of property taxes collected within a district to improve the district
- Local improvement district
 - A group of property owners agree to be assessed to pay for specific projects

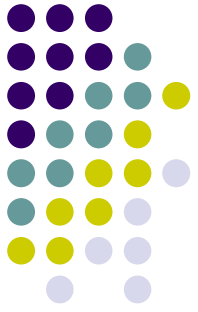


General tools (3)

- County service district
 - A taxing district to raise funds for infrastructure (most likely transportation)
- Sustainable infrastructure tax credit
 - Model on tax credit for alternative energy
 - Credit reduces the cost of developing infrastructure of certain types

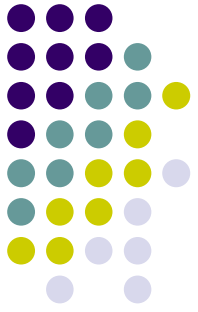


Filling the gap: Paying for roads



Tools for roads (1)

- Expanded traffic impact fee (TIF)
 - Imposed on development on a per unit basis
 - Revenue restricted to use for future capacity needs on arterials or collectors
- Expanded fuel tax
 - Currently \$.01 per gallon
 - Tax may be used for O&M or capital expenditures

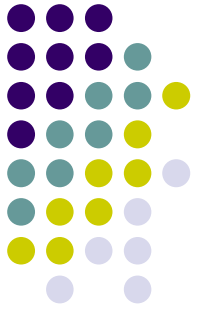


Tools for roads (2)

- Vehicle registration surcharge
 - Maximum charge: \$15 per registration
 - Would be implemented County-wide
- Transportation utility fees
 - Monthly charge based on average number of trips generated by different land uses
 - Used for O&M
 - Would be implemented County-wide

Filling the gap: Paying for parks

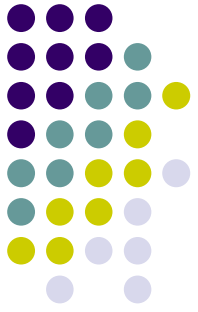




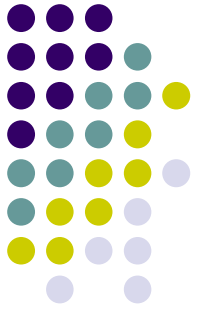
Tools for parks

- Expanded System Development Charge (SDC)
 - Imposed on development
 - Currently about \$3,000 per single-family unit
- Grants
 - Limited Federal, State, and private foundation grants could be available
 - Grants are competitive and typically available only for specific projects

Selecting the tools



- No one tool will fill the gap
- Need to carefully select the tools to spread costs fairly
- Look at compounding impact
- Evaluation criteria



Evaluation criteria (1)

- Financial capacity

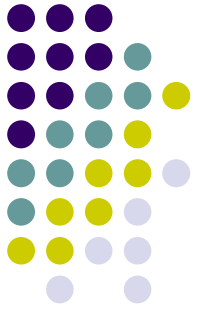
Is the funding source adequate, stable, and predictable?

- Flexibility of use

Can the source be used for all projects, of just a narrow category of improvements?

- Fairness, equity

Who pays for the improvements?



Evaluation criteria (2)

- Administrative ease

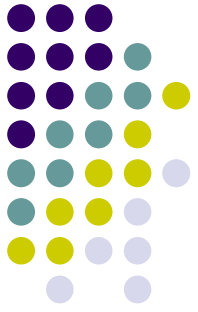
Do the funds place carry a large administrative burden?

- Legal authority

Is the funding source authorized?

- Political acceptability

Is the source acceptable to all stakeholders?



Next steps

- Revise fact base with input from TAC and SWG
- Continue to expand the toolkit
- Provide ongoing advice and support to concept planning team
- When concept plan is done:
 - Refine estimate of gap and
 - create finance plan with specific tools

Questions and discussion

