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

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