E. Financing Strategy and Tools

1. Infrastructure Costs

It is assumed that private development will finance all onsite development costs in the Evergreen area (internal roads, onsite utilities, onsite open spaces and trails, etc.) and a portion of offsite development costs. As described in the infrastructure financing analysis (Appendix M), mandatory fees and charges that private developers are assessed at the time of development are expected to generate a surplus of revenues to finance offsite infrastructure costs associated with development in the Evergreen area.

Infrastructure costs related to development at Evergreen will fall into the following categories: Transportation (including storm drainage facilities), Water, and Sanitary Sewer. Detailed cost information for each of these categories can be found in separate technical memorandums: Appendix G (transportation), Appendix H (sanitary sewer), and Appendix J (water).

Existing City financing tools include required system development charges (SDCs) and traffic impact fees (TIF) from new development. SDCs and TIF revenues generated by development in Evergreen can be used to finance offsite improvements, including systemwide improvements. SDCs may also be used to reimburse developers for offsite sanitary sewer infrastructure costs.

Table V-1 illustrates the estimated costs and revenues for all onsite and offsite infrastructure improvements associated with the Evergreen concept plan. These are good faith estimates based on the preliminary Evergreen concept plan.

Table V-1: Summary of Costs and Revenues Associated with Evergreen Development

Infrastructure Type	Costs	Developer Requirements	TIF Revenues	Resulting Balance (Costs - Revenues)
Transportation	$51,611,546	$49,111,546	$8,039,574	-$5,539,574 (surplus)
Water	$4,440,000	$4,400,000	n/a	$0
Sanitary Sewer Alt. 1	$3,700,000	$3,700,000	n/a	$0
Sanitary Sewer Alt. 2	$6,700,000	$6,700,000	n/a	$0

As shown above, revenues generated by private development in the Evergreen area are projected to exceed the combined cost of onsite and offsite infrastructure improvements needed for the Evergreen concept plan by $5.5 million. Therefore, no funding gap is anticipated.

Transportation Costs

The Helvetia and Evergreen Area Future Transportation Conditions Analysis (see Appendix G) identifies transportation infrastructure improvements that build-out of the Evergreen area will require. The projected cost of onsite transportation infrastructure in the Evergreen area is $49 million. An additional $2.5 million in offsite transportation infrastructure costs is needed to finance intersection improvements, including additional turn lanes and a traffic signal, at five locations that will be impacted by development in the Evergreen area.

Transportation Revenues

Development at Evergreen will contribute to transportation funding in two primary ways:

Onsite infrastructure: Developers will construct all onsite transportation infrastructure at their own expense.

TIFs: The City of Hillsboro collects TIFs for all new development, which is assigned to one of five general use categories: residential, business/commercial, office, industrial, or institutional. TIFs are calculated based on the total trips a development is projected to generate. Within each general use category, "unit factors" are assigned to different development types and reflect the magnitude of the impacts the development is anticipated to have on the transportation system. For example, within the industrial use category, warehouses, which generally have a very low job density, will generate fewer trips than industrial parks, which have a higher job density.

For industrial uses, total trips are estimated by multiplying a building's total gross square footage (TGSF) by the appropriate unit factor. The methodology for estimating total trips for most commercial uses is similar, except the unit factor is multiplied by a building's total

gross leasable square footage (TGLSF). For hotels, however, total trips are estimated by multiplying the number of rooms by the hotel unit factor.

Table V-2 shows projected TIF revenues for the Evergreen Area. Assuming a job density of 21.3 employees per acre, development in the Evergreen Area is projected to produce $8.0 million in TIF revenues, which may be used to finance offsite improvements.

Table V-2: Projected TIF Revenues for Evergreen Concept Area[8]

Item	Area (acres)	Building Area (s.f.) / No. of Rooms	GLA (COM Uses)	Description	No. of Units	Total Trips (Gross Bldg s.f. x No. of Units/ 1000)[1/]	Basis of Trip Rate	TIF estimate (Basis of Trip Rate x Total Trips)
Gross area	534.0							
less infrastructure/circulation (16%)	84.0							
Net development area	450.0							
First Sustainable Energy & Environmental Business	70.0	609,840	n/a	Industrial Park	6.97	4,251	$308	$1,309,180
Second sustainable energy & environmental business	45.0	392,040	n/a	Industrial Park	6.97	2,733	$308	$841,616
Biotech Campus	105.0	914,760	n/a	Industrial Park	6.97	6,376	$308	$1,963,770
Industry Suppliers 1	30.0	274,428	n/a	Manufacturing	3.85	1,057	$308	$325,417
Industry Suppliers 2	75.0	686,070	n/a	Manufacturing	3.85	2,641	$308	$813,542
Industrial Business Park 1	28.0	292,723	n/a	Industrial Park	6.97	2,040	$308	$628,406
Industrial Business Park 2	25.0	261,360	n/a	Industrial Park	6.97	1,822	$308	$561,077
Industrial Business Park 3	12.0	125,453	n/a	Industrial Park	6.97	874	$308	$269,317
Industry R & D Parks	40.0	418,176	n/a	Manufacturing	4	1,610	$308	$495,873
Hotel	2.5	200 rooms	n/a	Hotel	8.70	1,740	$81	$140,940
Commercial Node 1	7.5	98,010	40,000	Shopping Center Unter 50000 Gr. SF	94.71	3,788	$81	$306,860
Commercial Node 2	10.0	130,680	50,000	Shopping Center Unter 50000 Gr. SF	94.71	4,736	$81	$383,576
TOTAL	450.0	4,072,860						$8,039,574

[1/] For hotels, total trips calcuation is no. of rooms x no. of units. For shopping centers, total trips calculation is gross leasable area (GLA) x no. of units.

[2/] For hotels, job density calculation is no. of employees per room.

Revenues generated by development in the Evergreen area are expected to exceed the cost of onsite transportation improvements. What is not accounted for in Table V-2 or this analysis is the cost of offsite transportation improvements that will be needed regardless of development occurring in Evergreen.

[8] For the purpose of transportation modeling, assumptions were made about the average employment density and number of jobs projected for the Evergreen concept area at build-out. The development program presented in Table 2 most closely reflects these assumptions.

Water Costs

The Water System Concept Design developed by CH2M Hill (see Appendix J) identifies water system infrastructure improvements that will be required for the Evergreen concept area, which will be served by the City of Hillsboro. The total construction cost estimate for Evergreen water improvements, including a 30 percent contingency, is $4.4 million.

Water Revenues

The water system improvements described above are considered onsite improvements that would be the responsibility of developers. Thus, there will be no public utility obligations to fund water infrastructure at Evergreen.

Development at Evergreen will generate revenues based on SDCs that are levied on development as it occurs. These fees, assessed by the City of Hillsboro, enable the District to build and maintain the internal capacity to serve the Evergreen area. The methodology for determining SDCs is described in CH2M Hill's technical memorandum.

Sanitary Sewer Costs

The Sanitary Sewer Trunk Concept Design developed by CH2M Hill (see Appendix H) proposes two alternatives for providing sanitary service to the Evergreen concept area. The total program cost estimate for Alternative 1, which provides for an all-gravity system in to the McKay Trunk system, is $3.7 Million. The total program cost estimate for Alternative 2, a pump station with discharge to the Dawson Creek system, is $6.7 Million.

Sanitary Sewer Revenues

Based on CH2M Hill's analysis of sanitary sewer infrastructure requirements, it is assumed that private development will bear the total cost of sanitary sewer improvements associated with build-out of the Evergreen area. Specifically, developer requirements will include:

Onsite infrastructure: Developers will be responsible for all onsite infrastructure costs.

Connection fees/SDCs: Clean Water Services (CWS), which will be the sanitary sewer service provider for the Evergreen Area, will assess SDCs to new development to finance connection charges, which may include:

a. Direct connections to the District sewer system;
b. Indirect connections to the District sewer system including, but not limited to, building additions, or expansions, which include sanitary facilities;
c. Change in the use of an existing connection; and
d. Substantial increase(s) in the flow or alteration of the character or sewage to an existing connection.

For industrial uses, connection fees will be calculated as Dwelling Unit Equivalents (DUEs) based on the estimated or actual metered flow in incoming water, or metered effluent. The fees are calibrated to match the expected true cost of any offsite improvements required by the development. Thus, there will be no unmet funding obligation as a result of development at Evergreen.

2. Financing Methods

Despite the fact that no infrastructure financing gap is projected, the City may wish to explore alternative funding sources to buy down the cost of development in order to attract private investment to the Evergreen area or to help pay for other planned, but unfunded, improvements. The City and Washington County, working with Metro and the State, will also need to identify funding sources to pay for offsite transportation costs associated with regional growth. A wide range of funding tools is available to support capital improvements and infrastructure planning in Oregon. Many transportation funding tools are funded via the Oregon Department of transportation (ODOT) through competitive grants that are offered annually or biannually. Local funding tools, such as urban renewal and LIDs, may be used to finance capital improvements within designated geographic areas or special districts.

This section identifies a series of potential funding sources for the transportation improvements presented on Tables IV.1 and IV.2. Projects 1 through 17 (Table IV.1) are

those transportation improvements that will be needed to meet performance standards without the addition of any development in the Evergreen and Helvetia planning areas. From a transportation funding perspective these improvements will likely be funded either through Traffic Impact Fees (TIF) collected as development occurs or through future Major Streets Transportation Improvement Program (MSTIP) funds as they become available and allocated to these projects. Projects 8, 11 and 12 are associated with the Shute Road / Highway 26 interchange and will likely be funded through future State Transportation Improvement Program (STIP) funds when they are available. State transportation funding for modernization projects has become less available and there is the possibility that some local funding participation may be sought for interchange improvements such as Shute Road / Highway 26.

Projects A through D (Table IV.2) are those transportation capacity improvements that will be needed with the addition of the anticipated industrial development in the Evergreen planning area. As indicated on Table V.2: Projected TIF Revenues for Evergreen Concept Area, development in the planning area is estimated to provide sufficient revenue to cover the added costs associated with Projects A through D.

The following programs and funding tools are some of the most common and most likely to be of use in the Evergreen concept area.

Tax Increment Financing/Urban Renewal

Tax increment financing (TIF) is one of the most powerful public funding tools for revitalization. TIF is a mechanism where public projects are financed by debt borrowed against the future growth of property taxes in a defined urban renewal district. The assessed value of all properties within the district is set at the time the district is first established (the frozen base). As public and private projects enhance property values within the district, the increase in property taxes over the base (the increment) is set aside. Debt is issued, up to a set maximum amount (the maximum indebtedness), to carry out the urban renewal plan and is repaid through the incremental taxes generated within the district. The duration of urban renewal districts is usually 15 to 20 years. When the district is retired, the frozen base is removed and all property taxes in the district return to normal distribution. Because urban

renewal is such a useful tool for revitalization and can generate significant amounts of money for infrastructure, it should be strongly considered to help fund projects in the Evergreen Area. As a part of subsequent conceptual plan implementation, the City would need to prepare an urban renewal plan, which would identify specific projects to be funded and the likely funding capacity from tax increment revenues.

Local Improvement District

A Local Improvement District, or LID, is a special assessment district where property owners are assessed a fee to pay for capital improvements such as sidewalks, underground utilities, shared open space, and other features. LIDs are typically petitioned by and must be supported by a majority or supermajority of the affected property owners. Since LIDs are funded by private property owners, they can help share the funding burden in a public-private partnership. Further, since it requires private property owner support, it is a good mechanism to help organize property owners around a common goal. Such a mechanism could be a useful tool to fund shared amenities and infrastructure at Evergreen.

Oregon Pedestrian and Bicycle Program (ODOT)

A range of pedestrian and bicycle improvements will be a part of the Evergreen transportation infrastructure. ODOT provides grants for crosswalks, bike lane striping, and pedestrian crossing islands that fall within the rights-of-way of streets, roads and highways. Bike/ped grants usually fall between $80,000 and $500,000.

Oregon Transportation Enhancements (TE) Program

Using federal transportation funds, ODOT TE grants are awarded to local governments and other public agencies to support projects that improve communities and enhance the experience of traveling. New sidewalks, bike lanes, and pedestrian amenities such as benches and streetlights are eligible TE projects, as are the restoration of historic railroad stations, bus stations, and bridges. TE awards typically range from $200,000 to $1 million, and local governments must contribute ten percent of the project's cost.

State Transportation Improvement Program

The STIP is Oregon's adopted four-year investment program for major state and regional transportation systems, including interstate, state, and local highways and bridges, public transportation systems, and federal and tribal roads. It covers all major transportation projects for which funding is approved and project implementation is expected to occur during a certain time frame. The STIP includes all major transportation projects and programs in Oregon that are funded with federal dollars. It also includes state-funded projects that relate to the state highway system, and "regionally significant" locally funded projects in metropolitan areas that affect the state's transportation system.

Immediate Opportunity Fund (IOF)

The IOF program is a special program in the STIP administered by the ODOT Financial Services' Economics and Policy Analysis Unit. It was created in 1988 by the Oregon Transportation Commission (OTC) in order to quickly process and fund transportation improvements that would attract or retain jobs. The fund is a collaborative effort between the Oregon Economic and Community Development Department (OECDD) and ODOT. It is intended as quick-response or incentive funding for either targeted business development projects or business district revitalization projects. Projects are either pulled from a city or county's transportation system plan (TSP), or are small projects that are not listed in the TSP and may be added onto other larger projects.

Major Streets Transportation Improvement Program (MSTIP)

Washington County voters approved a third version of the MSTIP in 1995. The MSTIP uses property tax revenue to issue bonds for capital construction of major transportation projects with Countywide benefit. Most of these projects take place on County roads. From FY06-07 through FY11-12, $140 million has been allocated for projects in MSTIP C3.

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