



DRAFT City of Wilsonville / SMART 2025 State Legislative Session Priorities

Acting on behalf of the residents and businesses of the City of Wilsonville and SMART, the City Council adopts this list of 2025 State Legislative Session Priorities to promote municipal policy positions on specific issues of concern, as well as to reflect ad-hoc issues of the day for which long-term City policies may or may not address adequately but for which the City Council considers important to address in the regular 2025 session of the 83rd Oregon Legislative Assembly.

Wilsonville City Council, September 16, 2024

SUMMARY OF PRIORITIES

1. Increase Road and Public Transit Resources with a 2025 Transportation Funding Package that Advances the I-5 Boone Bridge & Seismic Improvement Project with the French Prairie Bike/Ped Facility, and Implements WES Commuter Rail Wilsonville-to-Salem Extension Study
2. SMART Transit-Service Territory Alignment with City of Wilsonville Boundaries; Adjustment of TriMet District Territory
3. Restore Permanent Recreational Immunity for Public Use of Trails
4. Create a \$2 Billion State Residential Housing Infrastructure Fund:
 - Potential legislative grant requests for City infrastructure projects that support housing development and improvement
5. Fund the Business Oregon Regionally Significant Industrial Sites (RSIS) Program
6. Extend the Sunset on Vertical Housing Development Zone (VHDZ) Incentive
7. Improve Childcare Resources to Benefit Families/Workers and Employers
8. Modify Homeless Camping Laws and Increase Support for Affordable Housing and Rising Utility Costs

DETAILED INFORMATION ON PRIORITIES

1. Increase Road and Public Transit Resources with a 2025 Transportation Funding Package that Advances the I-5 Boone Bridge & Seismic Improvement Project with the French Prairie Bike/Ped Facility, and implements WES Commuter Rail Wilsonville-to-Salem Extension Study

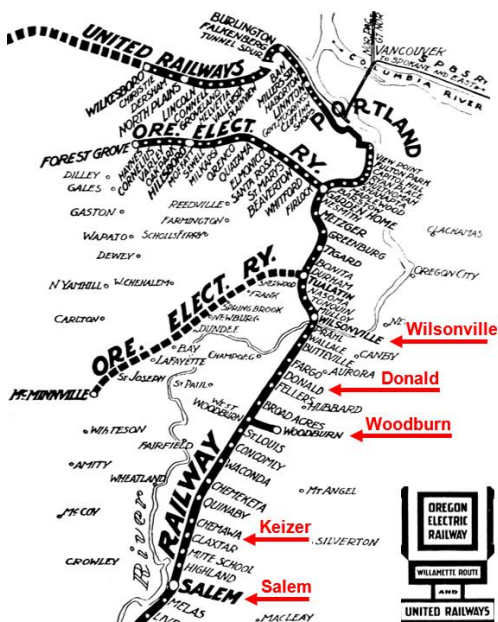
Approximately every seven to eight years the legislature passes a major transportation funding package that has provided both general ODOT programmatic funding increases as well as earmark funding for specific projects.

The last such transportation funding package in 2017 was HB 2017, which increased gas tax and vehicle registration fees for road funding, and created a new employee-paid tax program to support transit called STIF, or Statewide Transportation Improvement Fund. HB 2017 also initiated the Portland “Mega” highway projects, including Highway 217 improvements, I-5/I-84 Rose Quarter project and I-205/Abernathy Bridge project, as well as the ill-fated attempt for tolling of portions of I-5 and I-205. (The I-5 Boone Bridge project was added by HB 3065 in 2021.)



The City’s top ODOT transportation priority is to advance the I-5 Boone Bridge and Seismic Improvement Project with a southbound auxiliary lane and the French Prairie Bridge as the bike/ped facility. The total cost of the project is now estimated at \$800 million. The Oregon Transportation Commission, however, reallocated \$3 million during 2024 from the I-5 Boone Bridge project to fund the I-205 Abernathy Bridge project currently underway for which ODOT is paying with currently available resources. Therefore the City seeks to help ODOT obtain an earmark to continue work on the I-5 Boone Bridge project, which still needs to go through the federal NEPA process for approval.

During the 2024 short session the legislature considered SB 1572, and in the 2023 regular session the legislature considered HB 2662. Both bills passed unanimously out of the Joint Committee on Transportation and would have established an inter-jurisdictional task force to study connecting the Portland metro-region to Salem/Keizer metro-area with a high-capacity transit option by extending from



Wilsonville to Salem the Westside Express Service (WES) Commuter Train. Both bills were supported by the cities of Aurora, Donald, Hubbard, Keizer, Salem, Wilsonville and Woodburn; Salem Mass Transit (“Cherriots”), SMART (South Metro Area Regional Transit) and Yamhill County Transit; Mid-Willamette Valley Council of Governments; and P & W Railroad. WES sponsor, TriMet, was neutral on the bills.

However, in both the 2023 and 2025 sessions, legislative leadership did not deem the bills of sufficient public benefit to advance for a floor vote, and both died. A bill that did advance in 2024 session funded Metro to study rail assets in the Portland metro region; however, Metro has indicated seeking a much greater scope to study the Union Pacific Main Line as a potential commuter route, which none of the WES Extension bill sponsors is interested in pursuing.

After two consecutively failed efforts, the City will support efforts to undertake the WES-to-Salem extension study, but will not take a lead role. The Metropolitan Mayors Consortium and the Mid-Willamette Valley Council of Governments have indicated support for advancing the study in the 2025 session.

2. SMART Transit-Service Territory Alignment with City of Wilsonville Boundaries; Adjustment of TriMet District Territory

In the last regular legislative session in 2023, Representative Courtney Neron (HD 26) and Senator Aaron Woods (SD 13) sponsored House Bill 2666 on behalf of the City of Wilsonville and our transit agency SMART. While the bill was scheduled for hearing before the Joint Committee on Transportation, TriMet arranged for the hearing to be cancelled and the bill to die. The bill would have modified the TriMet district service territory boundary to allow for SMART to provide transit service to the withdrawn territory and eventual annexation of the lands to the City of Wilsonville for transit payroll-tax collection purposes in order to fund transit service.

Both of legislators have indicated that they are willing to sponsor the bill again in the 2025 regular session. The proposed legislation would solve key issues focused on fairness and equity of TriMet’s collection of employer-paid transit payroll tax without providing transit service, and future City-guided industrial jobs development.

For over a decade, the City of Wilsonville and our South Metro Area Regional Transit (SMART) agency have sought to amicably negotiate a solution for SMART to collect transit payroll tax in areas of the City and adjacent UGB areas that are currently in the TriMet district territory—but not served by TriMet.

The issues raised by TriMet’s collection of unearned employer-paid payroll tax without providing transit service raises a number of issues:

- **Is it fair to take the money and provide No service?** For the past 24 years—since the opening of the Oregon Dept. of Corrections Coffee Creek Correctional Facility in 2001—TriMet has collected State payment in lieu of transit tax while providing no service.

TriMet continues to collect transit-tax revenues within the City of Wilsonville and adjacent UGB areas but provides no transit service for funds received. Rather, the City of Wilsonville picks-up the tab for providing transit service to areas of North Wilsonville, including Coffee Creek Correctional Facility, via SMART.

- **Is it equitable and fair for TriMet to capitalize on Wilsonville’s future urban development as a free cash-cow while providing no service?**

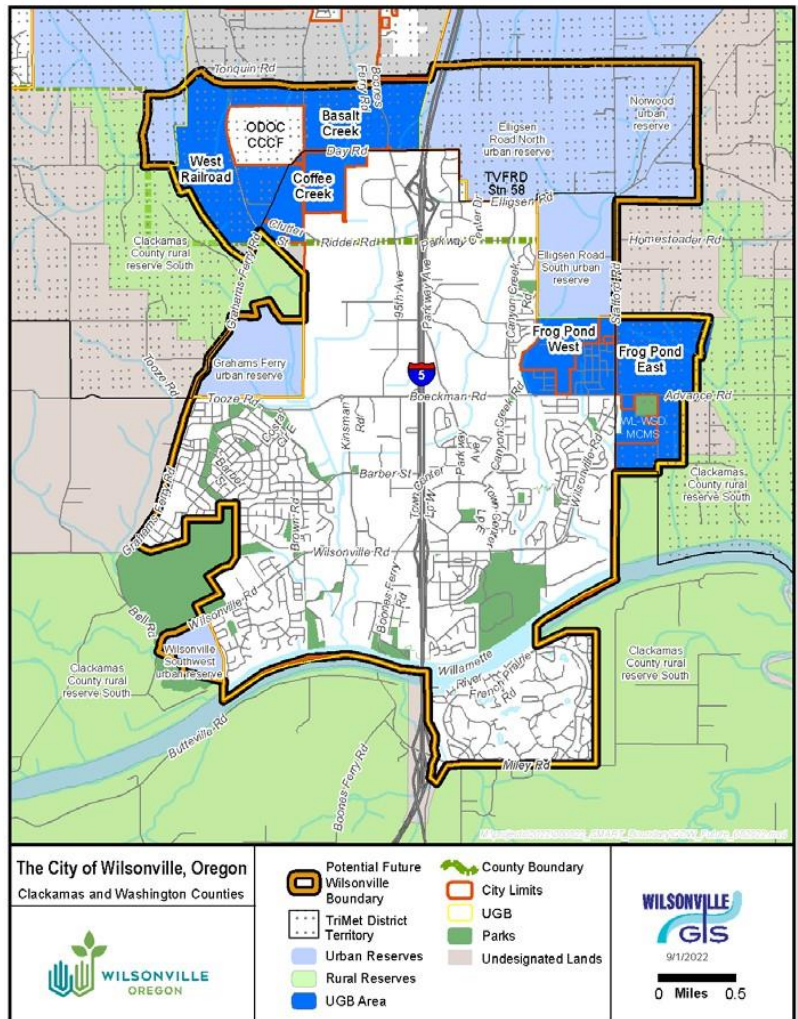
The City of Wilsonville is spending millions of dollars of taxpayer funds to plan and build infrastructure to serve future urbanizing areas located in TriMet district territory that will be within Wilsonville city limits. *Without a modification of the TriMet district boundary, TriMet will continue to unfairly reap the transit-tax collections for jobs directly created by investments of the City and served by SMART.*

While TriMet could modify the district boundary on its own to accommodate Wilsonville’s current and future urban areas, TriMet refuses to do so. TriMet concedes that current statutory routes to modify district territory are not available to Wilsonville.

Only with the introduction of HB 2666 did TriMet indicate after 10+ years a willingness to discuss these issues. However, Wilsonville found that TriMet was not negotiating in good faith over the past couple of months, and therefore only a legislative remedy may fix the problem that otherwise will hinder providing transit service to new areas of the City.

The proposed legislation would modify the TriMet district boundary territory for a total of 1,963 acres for the specific UGB Expansion Areas and Urban Reserves adjacent to Wilsonville:

- City’s UGB Expansion Areas:
 - Coffee Creek west portion
 - Basalt Creek south portion
 - West Railroad
 - Frog Pond East and South
- Urban Reserves:
 - Tonquin southeast portion
 - Elligsen Road North portion
 - Norwood southwest portion



Except for the Oregon Dept. of Corrections Coffee Creek Correctional Facility (ODOC CCCF), the UGB Expansion Areas and Urban Reserves produce little payroll tax revenue due to few businesses with low employment and mostly rural residential acreage. The total amount of transit tax/payment-in-lieu of transit tax paid is estimated at a quarter-million dollars per year, which represents a small fraction of one percent of the total TriMet budget.

Rather than painstakingly requesting that TriMet modify the district boundary every time the City annexes land, the legislation would provide for a long-term solution by modifying in one fell swoop the TriMet territory boundary to include those Metro-designated areas that the City would annex eventually as adjacent UGB expansion areas and Urban Reserves within the 50-year timespan of the Metro-area Urban Reserves.

For the City of Wilsonville, the objective is to provide reliable, consistent transit service to ALL of Wilsonville in a manner that is self-sustaining. Additionally, businesses within Wilsonville should not be penalized by paying two different transit-tax rates, while receiving no service for paying the higher TriMet payroll tax rate.

This legislative concept would enact a 2021-23 Wilsonville City Council Priority Goal to implement a conterminous boundary of the City of Wilsonville’s potential prospective city limits with the City’s South Metro Area Regional Transit (SMART) agency service and payroll-tax collection territory. In February 2016, the City Council adopted Resolution No. 2562, “A Resolution of the Wilsonville City Council, Declaring Its Intent to Have the Service Boundaries of South Metro Area Regional Transit (SMART) Be Coterminous with the Wilsonville City Limits.”

3. Restore Permanent Recreational Immunity for Public Use of Trails

The 2024 legislature passed SB 1576, temporarily restoring recreational immunity for public use on public lands until January 2026. The City seeks a permanent solution to provide recreational immunity for public use of trails on municipal property.

Specifically, the SB 1576 temporarily expanded the type of local government that may opt into immunity for trails or structures in public easements and rights-of-way; temporarily added limited immunity for improved paths, trails, roads and other rights of way that are used to access land for recreational purposes; and temporarily added walking, running and bicycling to the non-exclusive list of recreational purposes. These provisions expire in January 2026.

The 2024 law was in response to a July 2023 Oregon Court of Appeals opinion effectively ending recreational immunity for any Oregon jurisdictions’ improved trails. Public and private



landowners of improved trails were no longer protected from liability lawsuits; see *Fields v. City of Newport*, 326 Or. App. 764.

The Oregon legislature has repeatedly stood behind Oregon’s policy of encouraging private and public landowners to open their property to the public for recreational activities like hiking, mountain biking, kayaking, hunting, fishing, rock climbing, and accessing the Coast.

The League of Oregon Cities and the Association of Oregon Counties are ready to bring a bill to the Legislature in 2025 to restore recreational immunity.

4. Create a \$2 Billion State Residential Housing Infrastructure Fund

The Governor’s Office has set a target goal for the state to produce 36,000 homes annually over the next decade, with at least half of the new homes affordable to people making 80% or less of the median income. However, local governments generally do not build housing, but rather provide the infrastructure that supports new residential development.

The Governor’s “Housing Production Bill” SB 1537, and SB 1530, the primary housing appropriations bill, together allocated \$1.36 billion to various housing and homelessness programs.

Of this amount, 13% was directed towards assisting cities with improving capacity for infrastructure to support new housing development:



- \$94.3 million in direct allocations for 44 housing infrastructure projects statewide, with most earmarks in the \$1 million to \$3 million range.
- \$75 million to create a Revolving Loans Program for moderate-income housing financing.
- \$3 million for local governments capacity and support for infrastructure planning.

The amounts provided for both direct allocations for shovel-ready housing infrastructure projects and Revolving Loans Program are insufficient to meaningfully assist cities to fund costly public infrastructure projects serving primarily private-sector development. A significantly capitalized program of \$2 billion could make a substantial contribution to advancing housing production on a statewide basis.

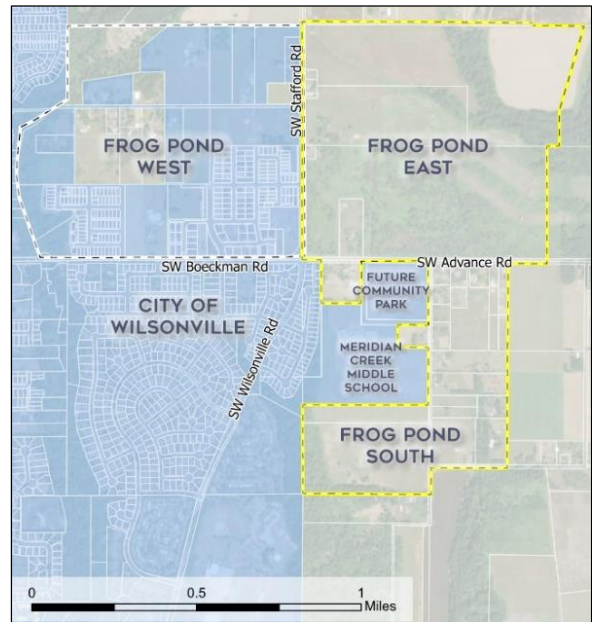
New State resources could include outright grants as well as low-interest loans to cities to advance planning and infrastructure for development of new residential housing.

Additional ideas to consider include to expanding and incentivizing housing production on underused parking lots and commercial lands and buildings; subsidizing housing for those making 60 percent and under area median income; and focusing efforts on building housing for people with moderate and lower incomes.

Following is a list of City infrastructure projects that support housing development or improved living conditions. Legislative earmark grants over the past several years have tended to be in the range of \$3 million or less; however, the cost of infrastructure is much greater, demonstrating the need for a source of larger capital funding if housing production is to be advanced meaningfully on a statewide basis.

Potential legislative grant requests for City infrastructure projects that support housing development

- **Project #1 – Boeckman Creek Sewer Interceptor** - \$3M Request, \$18M Total Cost: Needed to serve 1,500-1,600 residential units planned for Frog Pond East and South. No development until built.
- **Project #2 – Stafford Rd (Kahle Rd–Boeckman Rd) Improvement** - \$3M Request, \$16M Total Cost: Needed to serve Frog Pond West and East. No development in Frog Pond East until built.
- **Project #3 – 60th Ave Storm Drainage Pipe Line** - \$3M Request, \$4M Total Cost: Needed to serve 1,500-1,600 residential units planned for Frog Pond East and South. No development until built.
- **Project #4 – French Prairie Charbonneau Pathway** - \$3M Request, \$1.8M - \$5.7M Total Cost: Improved/repared walkway to enhance mobility options in senior community.
- **Project #5 – Advance Rd/60th Ave Traffic Circle Roundabout** - \$3M Request, \$4M Total Cost: Needed to serve 1,500-1,600 residential units planned for Frog Pond East and South. No development in portions of East and all of South until built.



5. Reauthorize and Fund the Business Oregon Regionally Significant Industrial Sites (RSIS)/Oregon Industrial Site Readiness Program

The City of Wilsonville—together with the League of Oregon Cities, Port of Portland, Metro, Oregon Economic Development Association and local governments across the state—supported the original 2013 bills (HB 2284/HB 2285 and SB 253/SB 246) that authorized the Regionally Significant Industrial Sites (RSIS) program, aka Oregon

Industrial Site Readiness Program. Several technical issues were subsequently identified by Business Oregon preventing implementation of the program, and SB 333 legislation of 2017 remedied those defects.

SB 1526-7, passed in the 2024 legislative session, extended the sunset of the RSIS program to agreements made prior to December 31, 2029, and changes specifications of employment level and wage qualification for eligible employers to align with available data. However, the Program Loan Fund has not been capitalized to date and the Oregon Business Development Department (OBDD) has not provided loans to qualified project sponsors.

Summary Listing of RSIS Designated Sites and Project Detail

Applicant	Site Name	Acres	Projected Cost	Estimated Jobs
Port of Portland	TRIP Phase 2	184.0	\$16,623,175	3,500
Port of Morrow	East Beach Ind. Park	982.0	\$7,979,490	800
City of Hillsboro	Hillsboro Tech Park	822.0	\$34,516,759	9,000
City of Madras	Madras Airport	1,146.0	\$27,747,500	1,000
City of Pendleton	Pendleton UAS Range Phases 3,4,5	302.0	\$18,231,400	300
Klamath County	WESGO	70.8	\$2,020,000	150
City of Waldport	Waldport Ind. Park	100.00	\$15,331,151	1,342
City of Scappoose	Scappoose Ind. Park	553.8	\$28,365,986	3,765
City of Redmond	South Redmond Track LLI	789.0	\$42,009,454	6,512
Klamath County	Zbindn	86.0	\$3,787,500	150
City of Millersburg	Millersburg Ind. Area	403.0	\$68,748,927	2,100
City of Wilsonville	Wilsonville Ind. Area	809.13	\$299,240,000	5,609

A total of 12 Regionally Significant Industrial Sites have been designated and approved, including the City of Wilsonville’s Coffee Creek Regionally Significant Industrial Area. OBDD reports that project sites represent 6,250 acres of industrial land that are expected to generate over 34,000 jobs. OBDD can enter into agreements with qualified project sponsors to reimburse eligible costs from up to 50% of the income taxes associated with reported employment increases within the zones.

The RSIS program offers various financing mechanisms to advance industrial sites to a “shovel-ready” status. Due-diligence grants are available for eligible projects that have a public sponsor in order to create better understanding of constraints on regionally significant industrial sites.

Additionally, the program offers direct site-preparation assistance by authorizing forgivable loans, low- or no-interest loans and/or a tax-sharing arrangement to local governments and property owners with a public sector partner. The program allows State loans to local governments to be forgiven up to 50% of the site preparation cost, based on

performance. A tax-sharing arrangement where 50% of the annual corporate and personal income tax revenues from the site reimburse the public investment up to the total site preparation cost.

The City has identified the cost of infrastructure development as an impediment to advancing “shovel-ready” industrial sites that host family-wage jobs and has actively sought funding sources. The City can work again with LOC, Metro and Oregon Economic Development Association to support funding the RSIS program in order to advance high-wage industrial occupations that benefit local economies and state income-tax collections.

6. Extend the Sunset on Vertical Housing Development Zone (VHDZ) Incentive

The Vertical Housing Development Zone (VHDZ) incentive program is scheduled to sunset on Jan. 1, 2026. The program allows cities and counties to provide a 10-year tax abatement on a portion (up to 80%) of improvement value on qualifying mixed-use development. Legislative leaders indicated during the 2024 short session that this incentive program and others with a 2026 expiration date would be reviewed during the 2025 long session for potential extension.

Individual projects within a duly established VHDZ must be approved and under construction no later than Jan. 1, 2026. Projects not under construction by that date will be ineligible for the incentive, even if they otherwise comply with all applicable statutes, and even if the city’s VHDZ is still in place or hasn’t expired.



Wilsonville Town Center VHDZ – First Mixed-Use Commercial/Residential Project: New five-story, 114-unit multi-family residential complex with 4,200 square feet of retail space located on the ground floor, along with a few residences. The upper floors consist entirely of residential units and amenities, including a roof deck. Of the building’s 114 residential units, 70 are one-bedroom/one-bathroom apartments, 37 are studio apartments and seven are two-bedroom/two-bathroom apartments.

The Wilsonville City Council has approved two VHDZ programs for the Villebois Village Center and Town Center, both areas where developers have indicated that building a mixed-use development is financially unfeasible without the VHDZ program. Both the Town Center and Villebois Village

Center areas targeted for mixed-use development are long-term projects that will take years to advance.

Since the VHDZ program has no negative financial impacts on State revenue collection, the legislature should have no problem with extending the program, which financially impacts only the sponsoring jurisdiction. Furthermore, mixed-use developments tend to produce more affordable housing, which is a State goal.

7. Improve Childcare Resources to Benefit Families/Workers and Employers

Based on information from Wilsonville employers, the City’s Economic Development Division has identified the lack of childcare options as an obstacle to workforce recruitment and retention. The City’s Economic Development Manager participates in a multi-organizational task force known as Clackamas County Childcare For All (CC4A) Coalition, sponsored by the Clackamas Workforce Partnership, the local workforce development board implementing the federal Workforce Innovation and Opportunity Act. Since 1999, the number of child care slots in Oregon has dropped by about 6,600. Oregon State University estimates that, for families of infants and toddlers, 35 of 36 counties qualify as child care deserts where there can be as many as 10 children competing for the same child care spot. Extra ordinary Pandemic-era federal support for childcare ended in February 2024.



On July 1, 2023, Oregon inaugurated the new Department of Early Learning and Care (DELIC), bringing together the Early Learning Division (ELD) and the Employment Related Day Care (ERDC) program to unify, strengthen and expand Oregon’s early learning and care system. Along with the creation of DELIC, Oregon is expanding access to affordable child care for eligible families through the Employment Related Day Care (ERDC) program. Starting in July, families are able to receive cash assistance from Temporary Assistance for Needy Families (TANF) and get help paying for child care from ERDC at the same time.

CC4A has proposed a set of legislative concepts for consideration in developing a potential bill. CC4A’s “Building a Strong Child Care Sector: Proposed Legislative Concept” endorses a multi-phased approach:

- Phase 1: Stabilize and Increase Child Care Workforce: Align Child Care Educator Salaries with K-12 Educators
- Phase 2: Make Child Care More Available: Provide Funding for New Child Care Providers
- Phase 3: Make Child Care More Affordable: Cap Family Child Care Contributions

The 2024 legislature passed HB 4098, which established the CHIPS Child Care Fund and appropriates \$5M to the Oregon Business Development Department to be deposited into the fund to build new childcare infrastructure and provide funding for those in construction apprentice programs to pay for childcare. Leveraging federal funds from the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, HB 4098 seeks to

increase child care infrastructure (capital costs and facilities; but *not* operational costs) in geographic areas in the state where semiconductor or other advanced manufacturing facilities are located.

The 2024 legislature also considered, but did not pass, HB 4158, which would have appropriated moneys from the General Fund to the Oregon Business Development Department for deposit in the Child Care Infrastructure Fund to provide financial assistance to certain child care providers or organizations that support those child care providers.

The City should consider supporting a bill that creates a legislative interim multi-organizational workgroup to develop potential new programs to improve childcare resources during subsequent legislative sessions.

8. Modify Homeless Camping Laws and Increase Support for Affordable Housing and Rising Utility Costs

City staff has raised concerns about allowable enforcement of time, place, and manner restrictions on camping on public lands. The current “objectively reasonable” standard, despite its verbiage, is entirely subjective and unworkable, and likely will be the source of extensive litigation without revision. Why? Because, under Oregon law, “reasonableness” is “determined based on the totality of the circumstances, including, but not limited to, the impact of the law on persons experiencing homelessness.” ORS 195.530(5). “Objectively” means that it should not be based on one person’s perception; it should not be influenced by personal feelings or opinions.

Take the City of Portland’s current case as an example – there are many elements that were challenged by individuals experiencing homelessness and Multnomah County Circuit Court issued a preliminary injunction without identifying which parts were “objectively reasonable” or not. One of the challenged elements was only allowing camping between 8 pm and 8 am. Is that reasonable? An individual could challenge the law, arguing that they work nights or that packing up every 12 hours is a significant burden, and because it impacts a person experiencing homelessness, now that law is not only unenforceable, the city has to pay attorney’s fees.

In light of the United States Supreme Court’s June 2024 ruling in *City of Grants Pass v. Johnson*, Oregon is now the only state in the country that still must comply with the essential holding of the Ninth Circuit’s now overturned decisions in *Martin v. Boise* and *Grants Pass v. Johnson* due to current state legislation. At a minimum, examining the current laws to ensure they provide local governments with all tools available to address homelessness is appropriate.

How the City Council established the reasonableness of the City’s public camping regulations is an appropriate method and model to explore in future legislation. Council adopted findings for each camping regulation that explained why that regulation was needed. A recommended modification to the statute, at a minimum, would be to have a

rebuttable presumption that regulations are reasonable if the local government has adopted findings as to the reasonableness of the regulations. That would place a higher burden on the plaintiff to show that the regulations are unreasonable.

Additionally, double-digit increases in electricity and natural gas rates over the past two years have led to utilities reporting that they have cut service to a record number of Oregon customers who are behind on paying monthly utility bills. The legislature should examine ways to help subsidize utility bills for qualified households.

LOC indicates that it will support a comprehensive homeless response package to fund the needs of homeless shelter and homeless response efforts statewide. Funding should include baseline operational support to continue and strengthen coordinated regional homeless response and include a range of shelter types and services, including alternative shelter models, safe parking programs, rapid rehousing, outreach, case management, staffing and administrative support, and other related services. LOC will also support capital funding for additional shelter infrastructure and site preparation. Cities play a critical role in homeless response in partnership with counties, community action agencies, continuums of care, housing authorities, and other service provider partners.