



**CITY COUNCIL MEETING
STAFF REPORT**

Meeting Date: May 6, 2024		Subject: Resolution No. 3140 A Resolution of the City of Wilsonville Authorizing the City Manager to Execute an Intergovernmental Agreement with the City of Portland for Local Improvement District Services Staff Member: Amanda Guile-Hinman, City Attorney Department: Legal	
Action Required		Advisory Board/Commission Recommendation	
<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input checked="" type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable Comments: N/A	
Staff Recommendation: Staff recommends Council adopt the Consent Agenda.			
Recommended Language for Motion: I move to adopt the Consent Agenda.			
Project / Issue Relates To:			
<input type="checkbox"/> Council Goals/Priorities:	<input checked="" type="checkbox"/> Adopted Master Plan(s): Transportation System Plan	<input type="checkbox"/> Not Applicable	

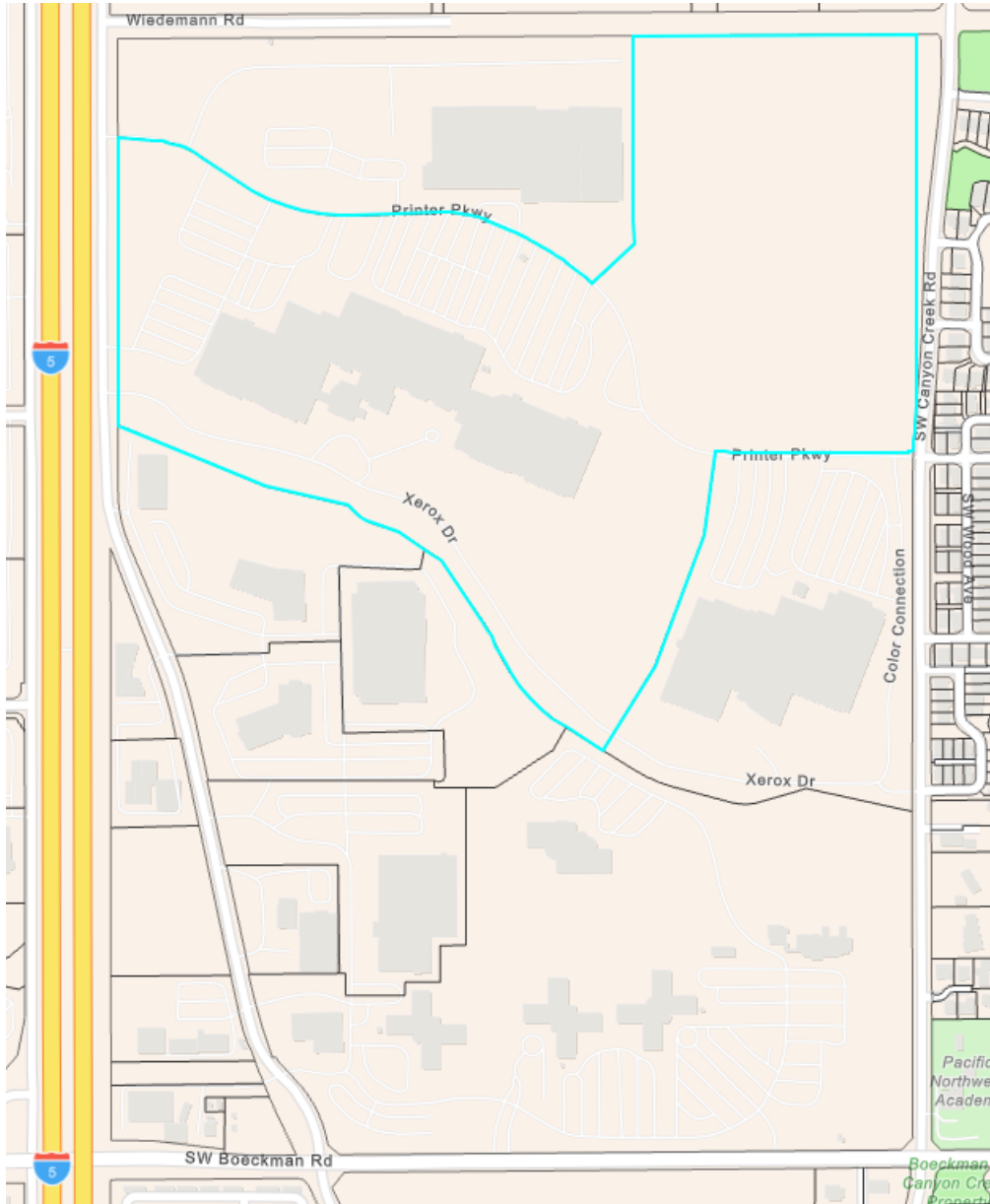
ISSUE BEFORE COUNCIL:

Whether to authorize the City Manager to enter into an intergovernmental agreement with the City of Portland to assist with administering a local improvement district for public improvements to SW Parkway Avenue and SW Printer Parkway Avenue.

EXECUTIVE SUMMARY:

I. BACKGROUND

The City of Wilsonville (“City”) approved a land use application to partition the real property located at 26600 SW Parkway Avenue, Wilsonville, Oregon (the “Property”) and to construct a manufacturing/warehouse facility on the Property (the “Proposed Development”). The Property location is outlined in blue below:



Wilsonville Code (WC) generally requires that, when development occurs, the applicant must construct roads fronting the site to meet current, applicable City standards, which are established through the City's Transportation System Plan ("TSP") and Public Works Standards ("PW Standards"). Section 201.2.18 of the Public Works Standards requires a minimum of 24-foot wide pavement for arterial and collector streets and the TSP establishes the required cross-sections for minor arterials and collectors.

SW Parkway Avenue is identified in the 2013 Transportation System Plan as a Minor Arterial and designated freight route. However, the portion of SW Parkway Avenue that fronts the Proposed Development is not constructed to current City standards for minor arterials – it was initially constructed under then-applicable Clackamas County road standards prior to the City's incorporation in 1968, and the general cross section has not changed since that time. SW Parkway Avenue currently has a minimally developed cross-section with two 11-foot wide travel lanes and lacks bicycle lanes. There is a path on the eastern side of the right-of-way that is not compliant with Americans with Disabilities Act (ADA) standards for a public sidewalk, and ODOT right-of-way is on the western side of the road.

Similarly, SW Printer Parkway is identified as a Collector in the Transportation System Plan, but is currently a private access asphalt road that is minimally developed with two 14-foot wide travel lanes and lacks any sidewalks or bicycle lanes.

During the land use approval process, City staff and the Applicant team identified a possible solution to funding the improvements to SW Parkway Avenue and SW Printer Parkway could be through the establishment of a local improvement district. On March 4, 2024, the City Council adopted Resolution No. 3112 to authorize City staff to conduct a preliminary engineering report to analyze the feasibility of forming a local improvement district.

City staff recognizes that the City has not formed a local improvement district in approximately 20 years. Thus, staff lacks the specific expertise to form and administer a local improvement district. Staff contacted the City of Portland because it not only regularly administers local improvement districts, it has capacity to assist the City of Wilsonville in forming a local improvement district here, with the understanding that the City of Portland's assistance would be compensated by the City of Wilsonville.

II. INTERGOVERNMENTAL AGREEMENT

Attached as Exhibit A is a negotiated intergovernmental agreement between the City of Wilsonville and the City of Portland for Portland to provide local improvement district (LID) services to Wilsonville. Staff recommends the Council authorize the City Manager to execute this intergovernmental agreement for the following reasons:

- Portland possesses the expertise and skill needed to form a local improvement district, understanding the nuance of Oregon laws that govern local improvement districts.

- Portland’s services, in consideration of its expertise, represent a reasonable financial cost to Wilsonville, as opposed to hiring a consultant or City staff investing significant time to learn all the nuances of Oregon law governing local improvement districts.
- Portland has identified that it has capacity to assist Wilsonville in working on this project.
- Local improvement districts may be a tool that Wilsonville explores in other areas where development will occur, and contracting with Portland will allow further exploration of the feasibility of local improvement districts in these other areas.

EXPECTED RESULTS:

As infrastructure costs continue to rise, exploring creative, alternative financing opportunities is crucial. In this particular circumstance, a local improvement district presents as a viable alternative to the traditional approach of requiring the developer to construct the public improvements and the City to provide system development charge credits. Here, the development fronts a significant portion of right-of-way that needs improvement, but covering the cost of the improvements likely means the Proposed Development is financially infeasible.

Similarly, the City does not have the funding to construct the improvements in the future, with a financial contribution from the developer now. To do so would likely mean an under-collection of needed contribution and would require the City to rely heavily on systems development charges that are planned for other capital improvement projects.

Getting assistance from the City of Portland, which regularly administers local improvement districts and has expertise in the legal requirements for forming local improvement districts, not only will help the City of Wilsonville in properly forming a local improvement district, but will also result in savings by avoiding the need to hire a consultant, spend significant staff time to learn the requirements to form a local improvement district, or potentially litigate the formation of a local improvement district if proper processes are not followed.

TIMELINE:

The proposed timeline for forming the local improvement district is as follows:

- a. Resolution for Preliminary Engineer’s Report. On March 4, 2024, the City Council adopted Resolution No. 3112 to direct the City to pursue a preliminary engineering report to recommend the LID boundary, infrastructure improvements, and estimated costs.
- b. Intergovernmental Agreement. The City will pursue an intergovernmental agreement with the City of Portland for technical assistance regarding the formation and implementation of a LID. The Resolution accompanying this Staff Report authorizes the City Manager to execute the intergovernmental agreement with the City of Portland.
- c. Property Owner Outreach. The Parties will collaborate on outreach to adjacent property owners to discuss the possibility of inclusion in a LID. The Parties intend to promote a LID as a reasonable financing tool for public infrastructure that is needed for both private development and public benefit.

- d. Procedural Resolution. The Parties will collaborate on drafting a procedural resolution described in ORS 223.389(1) for City Council consideration, anticipated to occur in Summer or Fall 2024.
- e. Enacting Resolution. The Parties will collaborate on drafting a resolution establishing the LID and the assessments against each benefiting property for City Council consideration, anticipated to occur early in calendar year 2025.

CURRENT YEAR BUDGET IMPACTS:

City staff do not anticipate any significant budget impacts this fiscal year. Any expenditures under this intergovernmental agreement can be covered under existing budget line items. City staff will be proposing funding for the local improvement district (the engineering work and administration) in the next fiscal year budget.

COMMUNITY INVOLVEMENT PROCESS:

If a local improvement district is pursued, public hearings will be required for the formation and assessment. Moreover, the related Proposed Development land use application process has provided a public hearing to any interested parties or individuals. Additionally, as identified in the timeline, staff anticipate reaching out to adjacent property owners to discuss the scope of improvements that may benefit them and also help spur new and expanded industrial development adjacent to the Proposed Development.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The improvements to SW Parkway Avenue and SW Printer Parkway are necessary, as documented in the City's TSP. However, the requirements regarding timing of constructing the improvements, particularly considering the lack of currently available funding sources, are problematic to the Proposed Development. Although a local improvement district is an administrative burden, it represents a practical financial tool that supply both the benefiting property owners and users of the public facilities the needed safety enhancements of these streets. Moreover, the proposed intergovernmental agreement will help staff with some of the administrative burden associated with local improvement districts.

Furthermore, the cost of street improvements may be a barrier to adjacent property owners expanding or developing on their industrial properties. If the LID includes improvements along other properties, those owners may be more inclined to pursue new and expanded industrial development adjacent to the Proposed Development.

ALTERNATIVES:

City staff can explore a local improvement district without the assistance of the City of Portland, but anticipate such work will be time-consuming and may lead to procedural errors due to staff's lack of experience administering local improvement districts.

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

1. Resolution No. 3140
 - a. Exhibit A – Intergovernmental Agreement