



**CITY COUNCIL MEETING
STAFF REPORT**

Meeting Date: November 21, 2022		Subject: Resolution No. 3013 Town Center Infrastructure Funding Plan	
		Staff Member: Kimberly Rybold, AICP, Senior Planner	
		Department: Community Development	
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 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 Resolution No. 3013.			
Recommended Language for Motion: I move to adopt Resolution No. 3013.			
Project / Issue Relates To:			
<input checked="" type="checkbox"/> Council Goals/Priorities: Goal 5: Align infrastructure plans with sustainable financing sources	<input checked="" type="checkbox"/> Adopted Master Plan(s): Town Center Plan	<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

Adoption of the Town Center Infrastructure Funding Plan, which will establish a framework for the creation of funding tools for the Town Center Plan’s infrastructure projects.

EXECUTIVE SUMMARY:

In 2019, the Wilsonville City Council adopted the Wilsonville Town Center Plan, establishing a vision for a vibrant, walkable community hub that inspires people to come together and socialize, shop, live, and work. The Plan envisions a mixed-use development pattern with enhanced connectivity that will result in a walkable and vibrant Town Center, home to active parks, civic spaces, and amenities that provide year-round, compelling experiences. To achieve this, the Town Center Plan contains several goals and implementation strategies to guide future development. Goal 4 of the Town Center Plan is Safe Access and Connectivity, which aims to provide transportation infrastructure designed to create a safe, accessible environment for all modes of travel in Town Center, foster multimodal access between buildings and land uses in Town Center, connect to surrounding neighborhoods, and provide local and regional accessibility.

The implementation chapter of the Town Center Plan calls for a study of how to fund the infrastructure projects identified in the Town Center Plan, which funding tools are most appropriate to support development, and an assessment of the feasibility of urban renewal (also known as tax increment financing) as a tool to provide some of this funding. In early 2022, the City contracted with FCS Group, a firm with experience in developing funding strategies for targeted areas like Town Center, to lead development of the Town Center Infrastructure Funding Plan.

The proposed Town Center Infrastructure Funding Plan (Exhibit A) includes a summary of the work undertaken to develop a strategy for the funding of the Town Center Plan's infrastructure projects. Based on an assessment of project costs, development scenarios, and existing funding tools, significant funding gaps are expected for transportation, sanitary sewer and stormwater facilities. These funding gaps would be particularly acute during the first 25 years as new development begins to occur within Town Center. Some form of advance financing is likely required because public facility investments would be needed in the short term, before System Development Charge (SDC) fund balances accumulate.

To address this, the project team reviewed a variety of funding tools to determine which are best suited to close these gaps. As part of this review, the project team completed a preliminary and hypothetical forecast of tax increment revenue to determine the suitability of urban renewal as a tool to fund infrastructure improvements in Town Center. The review considered factors such as the amount of potential funds raised, flexibility of the funding source, ease of implementation, administration cost, market acceptance, and impact on housing costs. Based on this review, four funding tools are recommended in the proposed Funding Plan:

- **Urban Renewal.** The City can create an Urban Renewal District within the Town Center area that generates Tax Increment Financing (TIF) revenue derived from net new assessed property value that occurs over time. TIF revenue can be utilized for public facility capital improvements identified as Projects in an adopted Urban Renewal Plan. Based on the preliminary revenue forecast, it appears this tool could fill the majority of the anticipated funding gaps. It is important to note that adoption of this tool requires additional work,

including a more detailed Feasibility Analysis, the subsequent development of an Urban Renewal Plan and Report coordinated with affected taxing districts, and adoption of the Plan and Report through a public hearing process. Creation of a new Urban Renewal District cannot occur until two existing districts (Year 2000 and West Side) are closed out, which is anticipated to occur over the next two fiscal years. Construction of the planned Town Center infrastructure projects without adoption of an Urban Renewal District is unlikely. The flexibility and power of tax increment financing is unmatched by other options. The tool can efficiently generate more funding to support necessary infrastructure improvements than anything else. It is the primary funding mechanism recommended in the Funding Plan.

- **Citywide SDC Updates.** These SDC updates would focus primarily on transportation and parks systems. Given the community-wide benefits generated from the implementation of the Town Center Plan, the City would include all or portions of major infrastructure projects in a citywide SDC update. Significant growth and planning of new urban areas has occurred since the City last updated these SDCs, making this an important step in ensuring that Citywide SDCs reflect the City's future infrastructure needs resulting from new development.
- **Stormwater Utility Fee Surcharge.** Considering the costs associated with retrofitting and maintaining stormwater infrastructure, a utility surcharge could generate a dedicated source of funding and could be utilized to finance inter-fund loans for advanced financing of initial catalyst infrastructure improvements. However, this surcharge will generate only a small fraction of the overall amount of money needed to fill the anticipated funding gaps, and the costs from this surcharge could be passed on to businesses. Additional study will be required prior to adoption of a surcharge to determine if the benefits are worth the potential impacts.
- **City Bond or Debt Issuance.** In order to advance construction of major transportation improvements and sewer/water/storm systems, the City and/or the Urban Renewal Agency could consider combining various existing and new sources of funding and dedicating that revenue to related debt principal and interest. This should only be considered after other funding tools are established. Limited general obligation bonds (also known as councilmatic bonds) or full faith and credit bonds do not require voter approval and they are not subject to debt service coverage requirements. However, like revenue bonds, an ongoing source of revenue would need to be pledged to protect the City's general fund from added risk.

At the October 17 City Council work session, the project team presented the draft Infrastructure Funding Plan and findings, seeking feedback on the proposed funding tools. City Council confirmed that further assessment of the proposed funding tools, including preparation of a more detailed Feasibility Analysis for an urban renewal area in Town Center (consistent with the recommendations of the proposed Urban Renewal Strategic Plan, see Resolution No. 3012), is appropriate. Councilors noted that urban renewal may be an important tool to help fund construction of a centralized parking structure (Implementation Action PA.6 of the Town Center Plan) and recommended this be considered as part of an Urban Renewal Plan for Town Center. To address this, the proposed Town Center Infrastructure Funding Plan includes a discussion of a

parking structure as a project that may be funded using urban renewal, and the proposed Urban Renewal Strategic Plan contains a recommendation that a parking structure be studied and considered as a potential project in an Urban Renewal District in Town Center.

EXPECTED RESULTS:

Adoption of the proposed Town Center Infrastructure Funding Plan.

TIMELINE:

Implementation of the Town Center Infrastructure Funding Plan’s funding tools is anticipated to occur over the next four years. Near-term actions will include updates to parks and transportation SDCs, with establishment of an urban renewal area, consideration of a stormwater utility fee surcharge, and consideration of bond or debt issuance to follow.

CURRENT YEAR BUDGET IMPACTS:

Total project scope for the Infrastructure Funding Plan and Preliminary Urban Renewal Analysis is approximately \$90,000, with approximately \$35,000 to be spent in FY 2022-23. Funding for consultant services will be funded by CIP project #3004. The amended budget for FY2022-23 includes approximately \$258,000 for Town Center Implementation.

COMMUNITY INVOLVEMENT PROCESS:

The Town Center Plan included a robust and inclusive public outreach process where an infrastructure funding plan and consideration of urban renewal were identified as implementation actions.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

As a result of undertaking the Town Center Plan’s implementation activities, including the Infrastructure Funding Plan, the City will begin to realize the community’s vision for a more commercially vibrant, walkable, mixed-use Town Center.

ALTERNATIVES:

The City Council may adopt the Plan as is, with modifications, or request more information prior to adoption.

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

- A. Town Center Infrastructure Funding Plan – November 2, 2022