



CITY COUNCIL MEETING STAFF REPORT

Meeting Date: November 18, 2024		Subject: Resolution No. 3121 Frog Pond East and South Infrastructure Funding Plan	
		Staff Member: Daniel Pauly, Planning Manager; Amy Pepper, Development Engineering Manager	
		Department: Community Development	
Action Required		Advisory Board/Commission Recommendation	
<input 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: Adopt Resolution No. 3121.			
Recommended Language for Motion: I move to adopt Resolution No. 3121, adopting the Frog Pond East and South Infrastructure Funding Plan.			
Project / Issue Relates To:			
<input checked="" type="checkbox"/> Council Goals/Priorities: Expand home ownership	<input checked="" type="checkbox"/> Adopted Master Plan(s): Frog Pond East and South Master Plan	<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL

An important implementation step in realizing the vision of the Frog Pond East and South Master Plan, adopted in December 2022, is to adopt an Infrastructure Funding Plan. The Infrastructure Funding Plan will guide the creation of more detailed financing plans and development agreements for individual infrastructure projects and developments as the Frog Pond East and South neighborhoods develop. The proposed resolution will adopt the Frog Pond East and South Infrastructure Funding Plan.

EXECUTIVE SUMMARY:

The Frog Pond East and South Master Plan, adopted by City Council in December 2022, provides clear policy direction and guidance for future development in Frog Pond East and South. An important implementation step is to develop an Infrastructure Funding Plan to guide how the needed road, sewer, storm, water, park, and trail projects, previously adopted in the Frog Pond East and South Master Plan and incorporated into respective infrastructure Master Plans, will be funded to serve the future development. The Funding Plan will be the guide to more detailed finance plans and development agreements for individual infrastructure projects and developments as they get planned, designed, and built over the next couple decades.

Attached to the Resolution the Council will find four documents. First is the proposed Frog Pond East and South Infrastructure Funding Plan (Exhibit A to the Resolution). Second, is an attachment to the Infrastructure Funding Plan with additional technical information including assumptions about timing of development, type of development, and planned infrastructure as well as an analysis of System Development Charges (SDCs) revenue over the build out of the neighborhoods (Attachment 1 to Exhibit A). Third is a document providing an explanation of methodology in Attachment 1 of Exhibit A (Attachment 2 to Exhibit A). Finally, is the Compliance Findings Report (Exhibit B to the Resolution).

Background

On November 15, 2015, the City Council adopted the Frog Pond Area Plan, which includes an Infrastructure Funding Plan (Appendix H of the Area Plan, see Attachment 2). The funding plan adopted with the Area Plan evaluates the infrastructure needs for the entire 500-acre Frog Pond Area and offers initial, general strategies of how to fund those infrastructure improvements subject to iterative refinement and additional detail as neighborhood-specific master plans were completed in the future. Accordingly, the Frog Pond West Master Plan, adopted by Council in July 2017, included a neighborhood-specific refined infrastructure project list for the neighborhood, associated costs, and a more detailed, refined, and vetted funding mechanisms necessary to implement the Frog Pond West Master Plan (see Attachment 3). Like Frog Pond West, council's adoption of the Frog Pond East and South Master Plan included a refined and specific list of infrastructure necessary to serve the Frog Pond East and South planning area. Since adoption of the Master Plan staff, consultants, and stakeholders have invested time to work through the necessary details of how to fund the specific, necessary infrastructure for Frog Pond East and South in a manner that ensures efficient, cost effective, and equitable infrastructure funding.

Nature and Intention of the Funding Plan

Both infrastructure funding plans in the Area Plan and Frog Pond West Master Plan rely on and reflect the general citywide policies and practices regarding provision of infrastructure improvements as part of development. The baseline assumptions from these infrastructure funding plans carry through to the Frog Pond East and South Infrastructure Funding Plan and are discussed in detail in **Exhibit A** to the Resolution.

The Frog Pond East and South Infrastructure Funding Plan intends to provide an overarching strategy for future financing tools and strategies that may be used to support specific development projects and related infrastructure needs; it is not intended to limit or to define the specific financial package that may be needed to construct infrastructure projects. Additional details will be worked out as specific development projects are proposed and necessary infrastructure needs identified to serve those specific development projects. Further, this Infrastructure Funding Plan does not provide details of financing of individual projects, as those details cannot be known until individual projects are closer to construction.

Frog Pond East and South Infrastructure Summary

The infrastructure needed to serve the Frog Pond East and South area has been grouped into three different categories: off-site infrastructure, on-site infrastructure, and “Framework” or “Master Plan” infrastructure. The Framework or Master Plan infrastructure projects are the primary focus of this Infrastructure Funding Plan. The Frog Pond East and South Infrastructure Funding Plan uses the term “framework projects” or “framework infrastructure” to refer to these projects.

Off-site Infrastructure includes large projects that serve the broader Wilsonville community, are funded through System Development Charges (SDCs) generated by development throughout the City and through other City resources and are generally located outside of the Frog Pond East/South area. Examples include:

- Water line crossing Boeckman Creek at the west end of Frog Pond Lane
- Water line crossing of Meridian Creek south of Meridian Creek Middle School
- Boeckman Creek sanitary sewer trunk line
- West side water reservoir
- Boeckman “Dip” Bridge
- Stafford-65th-Elligsen Roundabout
- Advance Road Community Park

On-site Infrastructure includes local projects which serve development of individual properties. Individual developers are responsible for construction and costs of construction of these projects. Examples include:

- Local streets and sidewalks
- Sanitary sewer mains
- Water mains
- Stormwater management
- Neighborhood parks

“Framework” or “Master Plan” Infrastructure includes projects that do not fall within the previously described off-site or on-site infrastructure categories due to one or more of the following factors:

- The project includes an “oversize” component that provides capacity beyond the City’s minimum standard to serve future development in Frog Pond East and South or other offsite areas.
- The project crosses multiple property ownerships not expected to develop concurrently.
- The project may be too large and expensive for any single developer to complete.
- The project may have geographically concentrated costs, but benefits all of Frog Pond East, South, or both.

The Frog Pond East and South Infrastructure Funding Plan focuses on funding policy and funding options for the following Framework Infrastructure projects:

- SW Stafford Road, including sanitary sewer and water
- SW Advance Road, including sanitary sewer and water
- Frog Pond East Neighborhood Park
- Frog Pond East BPA Easement Trail
- Frog Pond South Neighborhood Trail
- SW 60th Avenue, including water and storm
- Frog Pond East - Kahle East sanitary lift stations and force main
- Frog Pond East - Advance East sanitary lift station and force main
- Frog Pond South sanitary lift station and force main

Recommended Baseline Funding Strategy

Based on the anticipated timeline of development in the planning area it is projected that there will be sufficient SDC revenue generated from development within Frog Pond East and South to account for both City SDC infrastructure funding responsibilities and SDC credits issued to developers for the “oversized” portion of developer-constructed infrastructure, in accordance with existing City policies and practices for development (see Attachment 1 to Exhibit A for timeline details and SDC analysis). City staff recommends an Infrastructure Funding Strategy for Frog Pond East and South focusing on the well-established methodology whereby the developer constructs the required infrastructure and is issued SDC credits for the “oversized” portion. Staff further recommends utilizing development agreements to fund developer construction of the City’s identified infrastructure responsibilities where efficiencies, minimized neighborhood impacts, and cost savings can be realized through such an agreement.

It should be noted that if the Frog Pond East and South development and/or infrastructure phasing assumptions change, the City’s SDC cash flow may be affected and should be reassessed as development occurs to ensure City SDC commitments can be met. Consideration of additional funding strategies may be necessary to finance specific projects and ensure adequate funding.

As staff met with housing development stakeholders regarding the Infrastructure Funding Plan, concerns were raised regarding private development carrying more than its proportionate share of the infrastructure costs for the identified projects. However, as noted above, the Funding Plan does not and cannot analyze unknown, individual future developments. Rather, it

documents the recommended options available to fund infrastructure in Frog Pond East and South. Financing of public infrastructure for each private development is determined when the private development application is submitted to, and reviewed by, the City. The Wilsonville Code and state and federal case law already make clear that private development can only be responsible to fund public infrastructure in rough proportionality to its impact to and benefit from the public infrastructure.

Additional Alternative Funding Strategies for Consideration

As discussed above, the default and anticipated primary funding strategy in Frog Pond East and South is issuing SDC credits for developer-built infrastructure that is the City's responsibility. However, Staff recommends the Council approve a menu of alternative strategies for potential use. These strategies would be approved by Council on a case-by-case basis through future development agreements or detailed project-specific financing plans. Use of the alternative strategies would be most relevant with large capital costs early in the Frog Pond East and South development phases, when additional infrastructure funding support is desired by the City to support housing production goals, or if there are changes to infrastructure phasing assumptions that affect SDC cash flow as development occurs over time.

The following are funding strategies that have been assessed as part of this analysis and are recommended as potential alternative strategies. The Infrastructure Funding Plan (Exhibit A) contains further detail of each of these strategies as well as examples of framework projects for which they may be well suited.

- Supplemental Infrastructure Fee
- Reimbursement District
- Local Improvement District (LID)
- Direct Capital Improvement Program (CIP) Investment Using Citywide SDCs
- Localized Utility Rate Surcharge
- Urban Renewal District
- Grants and Investments by Other Governments

If any of these alternative fundings strategies are utilized in Frog Pond East and South, they may include funding for one or more Framework Infrastructure projects. For example, and for explanatory purposes only and not as an indication of any future action, a supplemental infrastructure fee could be recommended to recover costs for certain Stafford Road improvements.

Use of any of these alternative tools for project funding would require additional Council action to authorize.

Conclusion

The exact timing and costs of Frog Pond East and South infrastructure is still unknown, despite the City gathering the best information available to date. The proposed Infrastructure Funding

Plan finds that building out the infrastructure can primarily rely on existing policies revolving around SDC credits, but also provides a menu of optional strategies for use, in partnership with developers, as needed and desired. As land use entitlements are pursued the City will partner with developer(s) to establish specific financing plans and agreements for the subject development(s) using the framework established in the proposed Infrastructure Funding Plan.

EXPECTED RESULTS:

Adoption of the Frog Pond East and South Infrastructure Funding Plan.

TIMELINE:

With adoption of the resolution, the Infrastructure Funding Plan will be in effect. Exact timing of private development and infrastructure projects impacted by the Infrastructure Funding Plan will be determined as development proposals come forward in the coming years.

CURRENT YEAR BUDGET IMPACTS:

The infrastructure funding work is funded by remaining funds from the \$350,000 Metro grant for the Frog Pond East and South Master Plan and matching City funds in the form of staff time. No budget for design or construction of infrastructure discussed in the Funding Plan is included or needed for the current budget year beyond those associated with development of Frog Pond West.

COMMUNITY INVOLVEMENT PROCESS:

During this implementation phase the primary focus is on honoring past input. However, the project team continues to engage key stakeholders for input on the Infrastructure Funding Plan, particularly developers.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

Realization of the policy objectives set out in the Frog Pond East and South Master Plan to create Wilsonville’s next great neighborhoods. This includes furthering of the City’s Equitable Housing Strategic Plan and Council’s goal of affordable home ownership.

ALTERNATIVES:

The project team considered a number of alternatives as part of the preparation of the Infrastructure Funding Plan, and the Infrastructure Funding Plan proposed reflects the recommended alternatives.

CITY MANAGER COMMENTS:

N/A

ATTACHMENTS:

1. Resolution No. 3121
Exhibit A: Frog Pond East and South Master Plan Infrastructure Funding Plan
(November 5, 2024)
Attachment 1. Technical Attachment (November 5, 2024)

Attachment 2. Supporting Documentation for Technical Attachment
(November 5, 2024)

Exhibit B: Compliance Findings Report (November 5, 2024)

2. Frog Pond Area Plan Infrastructure Funding Plan (for reference)
3. Frog Pond West Infrastructure Funding Plan (for reference)