



MEMO

TO: Technical Review Team
FROM: Karen Buehrig, Project Manager
DATE: September 26, 2006
RE: Financing Alternatives Analysis - **DRAFT**

In a previous memo, Sidewalk Funding Options (dated July 20, 2006), various funding options to provide money to construct the Essential Pedestrian Network were discussed. The next step is to review each of these options and recommend the appropriate methods / tools to finance the construction of the Essential Pedestrian Network.

The funding options discussed in the Sidewalk Funding Options memo were:

- Fee in Lieu of Improvements Program
- Ballot Measure Levy / Utility Tax
- Frontage Improvements Requirement for Single Family Residential (SFR) Permit
- Non-motorized SDC Fee
- General Fund Allocation
- Cost Sharing/ Local Improvement District (LID)

During August and September, these options were reviewed more closely. A Roundtable Discussion was held, where representatives from local jurisdictions shared their experiences with the various design and financing alternatives being discussed. Staff meetings to discuss specific issues were held and additional research was conducted.

Increasing the general fund allocation, pursuing a ballot measure levy or a utility tax was not moved forward for additional consideration. The County currently directs at least 1% of its road fund revenues toward pedestrian or bikeway projects. While additional general fund resources had been provided to pedestrian and bikeway projects in the 1990's, it does not appear feasible to increase the 1% amount at this time. A ballot measure or utility tax is also not appropriate at this time. Successful ballot measures to fund sidewalk improvement have been bundled with parks funding proposals. In addition, the County does not have the authority to impose a tax on utilities. Further research is being conducted regarding a transportation maintenance utility fee, but these funds will likely be directed at maintenance and not construct of new facilities.

The four options moved forward for additional analysis include:

- Fee in Lieu of Improvements Program
- Frontage Improvements Requirement for Single Family Residential (SFR) Permit
- Alternative Mode (Non-motorized) SDC Fee
- Local Improvement District (LID) / Cost Sharing

PROPOSED NEW FUNDING OPTIONS

A. Fee in Lieu of Improvements

The Fee in Lieu of Improvements program is one source of funding for complete sidewalk connections on local roads. As explained in the previous memo, a Fee In Lieu Of Improvements (FILO) program, a fee is assessed to the property owner/developer for the cost or a portion of the cost of constructing and designing the sidewalk/pedestrian way or frontage improvement that has been required during a partition land use review. A Fee in Lieu of Improvements would be available as a potential option during the partition application process, when it is determined that a sidewalk on a local road is not appropriate at this time. The money collected would be deposited in a Sidewalk Fund and applied toward a sidewalk construction projects within a “pedestrian benefit zone.” This would provide the opportunity for entire links of sidewalk to be completed.

The most significant concern about developing a FILO program is creating a process that has a formula based fee and developing a nexus between where the money is collected and where it is spent. To insure these requirements are met, it is recommended that an ordinance be adopted that specifically outlines when the FILO would be considered and specify the location of the pedestrian benefit zones.

The cities of Milwaukie and West Linn currently collect a fee in lieu of improvements when recommended by the City Engineer. They have commented that they have experienced some challenges with their programs related to identifying nexus and proportionality. In addition, they noted that a more comprehensive list of projects by neighborhood would be useful for determining where the money would be spent.

Potential Cost per Applicant - The fee would vary, depending on the length of frontage. It could be assumed that a fee in lieu of frontage improvement would be around \$10,000 for 100 feet of frontage. The fee would replace the existing requirement and cost of constructing a sidewalk for partitions on the Essential Pedestrian Network. It would be a new cost to the properties on local roads off of the Essential Pedestrian Network.

Possible amount of money available for sidewalk construction - There were 160 partitions in the urban area between 1996 and 2006, with 38 of them located on the Essential Pedestrian Network. Assuming that 130 partitions paid \$10,000 as a fee in lieu of sidewalk construction, \$1,300,000 would have been available over the 10 year period (approximately \$130,000 a year).

Possible number of properties impacted – On average, there are about 16 partition applications in the urban area a year.

Actions Required – The following County Code and Zoning Development Ordinance amendments are recommended.

i. Proposed County Code Amendments needed to implement a Fee in Lieu of Improvements program

The County Code would be amended to add the following section

11.04 Fee in lieu of improvements

11.04.1 Purpose

- A. Section 1007.03 requires that roadway frontage improvements be required of all new developments, subdivisions and partitions. A payment in lieu of construction of these improvements may be recommended by the County Engineer in accordance with the standards of this section.

11.04.2 Application

- A. A fee in lieu of frontage improvements may be recommended during the review of partition applications in the following instances:
- i. For partitions on local roads within the Urban Growth Boundary that are not identified on the Essential Pedestrian Network (Map V-8 in the Comprehensive Plan);
 - ii. For partitions on any road on the Essential Pedestrian Network (Map V-8 in the Comprehensive Plan) if recommended by the County Engineer/designee. The County Engineer may consider a fee in lieu of frontage improvements due to the following conditions:
 - a. The improvements will be provided by a Capital Improvement project within the next 5 years, or
 - b. The improvements are located on a local road not identified on the Essential Pedestrian Network (Map V-8 in the Comprehensive Plan),
or
 - c. The improvements are located on a local road where a sidewalk or pathway does not exist within 400 feet, or
 - d. The improvements are located on a local road where significant topographical or natural feature constraints exist.

11.04.3 Fee commensurate with the cost of installing frontage improvements

- A. The fee shall be calculated on a lineal foot of frontage basis. This amount shall be determined by the County Engineer identifying the elements that would be necessary for the frontage improvement then multiplying the total cost per lineal foot of the elements by the frontage amount:

| Frontage Improvement Elements | Average cost per linear foot for a Sidewalk (5' concrete) | Estimate for 100' sidewalk, 3' of asphalt road |
|--|--|--|
| Start-up (mobilization) | 10% of Total | \$900 |
| Grading * | \$10 per cubic yard | |
| Rock 9" | \$9 per square yard | \$300 |
| Drainage | \$50 per lineal foot | \$5,000 |
| Asphalt 3" | \$11 per square yard | \$300 |
| Curb | \$10 lineal foot | \$1,000 |
| Sidewalk | \$25 lineal foot | \$2,500 |
| Wall * | \$20 lineal foot | |
| TOTAL | \$65-\$85 per lineal foot plus \$20+ square yard for materials | ~\$10,000 |
| Grading and Wall only including when necessary | | |

- B. The itemized table shall be adjusted annually to account for changes in the costs of constructing transportation facilities according to the Engineering News Record Northwest (Seattle, Washington) construction Cost Index .

11.04.4 Placement in a "FILO Sidewalk Improvement Fund"

- A. All fees collected, and interest thereon, shall be placed in a "FILO Sidewalk Improvement Fund."
- B. The "FILO Sidewalk Improvement Fund" shall be spent on sidewalk or pathway construction to accommodate the pedestrian needs within the same pedestrian benefit zone where the fee was collected (see map X).
- C. The fee in lieu of sidewalk construction money shall be used on high priority pedestrian projects identified in the Pedestrian Master Plan or other important pedestrian projects recommended by the CPO that are located on local roads on the Essential Pedestrian Network.

ii. Proposed ZDO Amendments needed to implement a Fee in Lieu of Improvements program

1007 ROADS, CIRCULATION AND PARKING (3/24/05)

1007.01 PURPOSE

1007.02 GENERAL PROVISIONS

1007.03 ROADWAYS

A. Right-of-way dedication and improvements etc. (3/17/04)

B. Where appropriate, roadways shall be designed to accommodate transit services.

C. Development along the specific urban arterials listed in the Clackamas County Comprehensive Plan shall improve those arterials to the specifications set forth in the plan.

D. Development adjacent to scenic roads etc: (3/17/04)

E. Boulevard design guidelines etc (5/24/01)

F. Road Frontage Improvements (10/15/92)

1. New developments, subdivisions and partitions may be required to dedicate land and/or make road frontage improvements to existing rights-of-way as required in Subsections 1007.02(A) through (F) and Subsections 1007.03, 1007.04, and 1007.05. (3/17/04)

a. A Fee in Lieu of frontage improvements included in or are a part of a partition, as outline in Chapter 11 of the County Code, may be recommended by the County Engineer or designee per Section 11.04.2 of the County Code.

AND

A. Sidewalks and Accessways: (9/8/94)

1. Sidewalks, accessways, and walkways shall be developed according to the specifications of the Department of Transportation and Development within all subdivisions, partitions, developments, and structural additions to existing commercial or industrial buildings exceeding 10 percent of the assessed value of the existing structure, or for additions of 1,000 square feet or more within the Urban Growth Boundary. The Mt. Hood Urban area is excluded from this requirement. Sidewalks shall be built on: (3/17/04)
 - a) Both sides of a new street within a subdivision, or any new or reconstructed street. (9/8/94)
 - b) The street frontage(s) adjacent to a development, partition or subdivision. (5/23/96)

B. Frontage Improvements Requirement for new Single Family Residential (SFR) Permits on existing lots of record within the UGB

At the Roundtable meeting, one of the CPO representatives was very supportive of including the requirement to construct sidewalks for all new single family permits located within the urban growth boundary. The issue is that some existing lots of record within the Urban Growth Boundary that do not have sidewalks. These lots can currently develop with a single family residence without having a sidewalk installed. A gap in the sidewalk system then continues to exist with no potential solution in site. By requiring sidewalk installation at the time a new single family residence is constructed, or even when an improvement over a specified amount such as \$100,000, is a way to achieve completion of the sidewalk network.

The most significant drawback to this proposal is the implementation of the requirement. It would require identifying if a new single family construction is located in the urban growth boundary, whether or not it has a sidewalk on the property frontage and inspection of the design and installation of the sidewalk improvements. New single family residential development is not required to have a Street Encroachment and Construction (SEC) permit.. This permit would need to be added to the building permit process to implement these changes.

It would become more complicated if the requirement for sidewalks were limited to new SFR construction on the Essential Pedestrian Network or if an option, such as a fee in lieu of improvements were, was available. Each permit would need to be routed through a designated planner who could make these determinations.

Potential Cost per Applicant - The fee would vary, depending on the length of frontage. It could be assumed that a fee in lieu of frontage improvement would be around \$2,000 for 50 feet of frontage. This would be a new cost that had not existed previously

Possible amount of money available for sidewalk construction - There is no way to estimate the number of single family permits that are issues for existing lots of record

Possible number of properties impacted – Unknown

Actions Required – The following Zoning Development Ordinance amendments are required.

1001.02 APPLICATION OF SECTION (3/24/05)

- A. Section 1000 shall apply to partitions; subdivisions; commercial and industrial projects; multifamily dwellings; three-family dwellings; and attached single-family dwellings where 3 or more dwelling units are attached to one another. Detached single-family dwellings, two-family dwellings, and attached single-family dwellings where two dwelling units are attached to one another shall be subject to Subsection 1001.03 and the following: (3/24/05)
1. Hazards to safety, under Section 1003.
 2. Slopes of twenty (20) percent or greater, under Subsection 1002.03.
 3. Rivers and stream corridors, under Subsection 1002.05.
 4. Wildlife habitats and distinctive resource areas, under Subsection 1002.06.
 5. Cultural resources and historic sites, under Section 1004.
 6. Natural drainage channels, under Subsection 1008.03.
 7. Utilities, including sewer and water, under Subsection 1006. (1-25-96)
 8. Pedestrian circulation, under Subsection 1007.05

C. Alternative Mode (Sidewalk/Pedestrian Way) SDC

On January 28, 1993, the Clackamas County Board of Commissioners adopted an ordinance to impose a Transportation System Development Charge (TSDC). This fee is based on a number of vehicle trips a particular land use generates. A TSDC is assessed on any new or expanded developments within the unincorporated Clackamas County. Additions, remodeling, replacements within the allowed period or accessory buildings for residential purposes are not be charged a TSDC.

The City of Lake Oswego includes an “Auto Only” and an “Alternative Mode” component within their SDC rate. The money collected for the Alternative Mode Component goes into a specific fund to finance pedestrian and bikeway projects identified in their CIP. It is possible the Clackamas County could also incorporate an Alternative Mode component within its SDC rate.

In order to determine if an Alternative Mode component is appropriate in the Clackamas County TSDC rate, it should be included during a comprehensive review of the TSDC rate. Clackamas County is currently in the process of updating the methodology used to set the TSDC rate. The “Countywide Transportation System Development Charge Methodology Report” (draft as of August 31, 2006) details the elements included within the TSDC rate. The rate that is currently under discussion does not “break out” a specific alternative mode rate. The rate is determined on new vehicular trips and vehicular capacity needs on the street system. There may be the opportunity to recoup additional funds not accounted for due to capacity increase in pedestrian and trips made for other modes of transportation.

It is difficult to weigh the benefits and the drawbacks of incorporate an alternative mode SDC without considering this option within the full context of a TSDC methodology review. During the next update of the CIP and the TSDC methodology, and alternative mode SDC should be considered.

Potential Cost - Without completing the entire SDC analysis, it is unknown what the Alternative Mode SDC rate would be. The Lake Oswego alternative mode SDC rate is approximately \$850 for a single family residential permit.

Possible amount of money available for sidewalk construction - Assuming a lesser amount than the Lake Oswego rate, such as \$400 per sfr permit, and assuming approximately 250 new sfr permits in the urban area a year, the Alternative Mode SDC would generate at least \$100,000 a year. This does not include the revenue that would be collected from multi-family, commercial and industrial development.

Possible number of properties impacted – Unknown

Actions Required – Unfortunately, the update the TSDC methodology update is almost complete and it is too late to incorporate this concept at this time. During the next CIP update, scheduled to begin in 2 years, pedestrian and bikeway project should be included in a way to facilitate the incorporation of an alternative mode SDC at the next SDC methodology update.

D. Local Improvement Districts / Cost Sharing Programs

Another way of funding sidewalk/pedestrian way improvements is through Local Improvement Districts (LID) and a Cost Sharing program. With Cost Sharing a jurisdiction matches 50% of the cost of the improvements with the community that supports and/or requests the improvements.

An LID program allows property owners in the County to get together to improve the roadway in front of their homes, sharing the cost of the improvement with other benefiting neighbors and taking advantage of the County's ability to provide long term financing for paying their assessments. Clackamas County has an existing LID process, but it does not have a cost sharing element. Property owners petition to have the work done and the County organizes the entire process and provides the appropriate forms. The County designs the roadway, hires the contractor, and inspects the work to see that the road is built well. The County offers financing to pay off the road in semiannual payments over 10 years. A 60% majority is needed to form an LID, that is, 60% of the property owners owning 60% of the land area.

The LID program has not been commonly used in urban Clackamas County to provide sidewalks. It has, however, been a successful tool in the City of Portland, where they have been able use urban renewal funds as a cost sharing element. This tool could be most successfully used within the North Clackamas Revitalization Area, where the recently formed urban renewal district could provide matching funds for LID projects.

The North Clackamas Revitalization Area Design Plan specifically outlines that its program funds will be available to assist with adding or reconstructing sidewalks or pathways. The funding guidelines state that projects accompanied with matching funds may be given priority. Currently, the Clackamas County

Development Agency is developing programs which will implement the Design Plan. Initially, they will focus on homeowner assistance and facilitating the extension of sewer services. Street improvement projects will occur later, as the availability of money increases. A matching fund program could be developed to help construct sidewalks through local improvement districts. In addition, it may be appropriate to construct street improvements at the time of sewer installation.

Potential Cost - The Design Plan notes that the typical cost of an asphalt path is \$90 per lineal foot. If the North Clackamas Revitalization Area contributed half of the cost, a property with 50 feet of frontage would pay \$2,250.

Possible amount of money available for sidewalk construction - It is difficult to estimate the amount of money available. It would depend on the number of Local Improvement districts approved.

Possible number of properties impacted – Unknown

Actions Required

No County Code or Zoning Development Ordinance amendments are required to make this option available. A matching program should be created and funded by North Clackamas Revitalization Area tax increment funds.