

CITY OF HUBBARD

Public Facilities Financing Plan

Hubbard, Oregon

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- Figure 6.2 of the Transportation System Plan (Financially Constrained Alternate Improvements)**
- Figure 6.3 of the Transportation System Plan (Future Street Plan)**
- Figure 6.4 of the Transportation System Plan (Proposed Street Design Standards)**

Use of Acronyms

- EFU Exclusive Farm Use (zoning district)**
- OAR Oregon Administrative Rules**
- ODOT Oregon Department of Transportation**
- PFFP Public Facilities Plan**
- TSP Transportation System Plan**
- WWTP Waste Water Treatment Plan**
- UGB Urban Growth Boundary**

EXECUTIVE SUMMARY:

On January 12, 2010, Ordinance 309-2010 was passed amending the City's Comprehensive Plan and Urban Growth Boundary (UGB) to include the four Plan Areas included in this Public Facilities Financing Plan (PFFP). Plan Area 1 is zoned Low Density Residential (R-1) and Plan Area 2 is zoned Industrial (I). Plan Area 3 is zoned Medium Density Residential (R-2) and High Density Residential R-3. Plan Area 4 is zoned Public Use (PU).

Existing public facilities (infrastructure) were examined to identify deficiencies. Plan Area 4 does not require public facilities therefore there are no deficiencies. Hubbard's Development Code requires that all public and private infrastructure costs within the developing areas be borne by the developer. For that reason, only off-site infrastructure costs are identified by infrastructure type, i.e., Sanitary Sewer, Storm Water, Water, Transportation, and Parks. Cost estimates are presented for each deficiency by Plan Area and by Facility Type.

Plan Area 1 has the greatest deficiency cost, due to the \$1,115,762.00 estimate for the park (land and development). The total of all financing costs for all plan areas including the park in Plan Area 1 is \$1,299,762.00. This total cost is broken out by Plan Area on Page 10 and by Facility Type on Page 11.

Financing options are identified and the most practical methods of financing are presented on page 15. Many of the minor, low cost, deficiencies are deemed eligible for developer extractions, i.e., as a condition of approval for a development, developers are required to construct offsite infrastructure improvements at their expense. Public financing is not required for developer extractions, so the costs thereof are not included in this PFFP.

BACKGROUND:

In 2007, the City of Hubbard, with the help of the Mid-Willamette Valley Council of Governments (MWVCOG), began planning for an expansion of its Urban Growth Boundary (UGB) and on August 12, 2008, Ordinance 300-2008 was passed amending the City's Comprehensive Plan and Urban Growth Boundary (UGB) to include Plan Area 2. On January 12, 2010, Ordinance 309-2010 was passed amending the City's Comprehensive Plan and Urban Growth Boundary (UGB) to include the Plan Areas 1, 3, and 4. All four (4) of these areas are included in this Public Facilities Financing Plan (PFFP).

As part of the Boundary Location Analysis, required by Oregon Administrative Rules (OAR) 660-024-0060 to amend an UGB, an evaluation and comparison of the relative costs, advantages and disadvantages of UGB expansion areas with respect to the provision of public facilities and services was conducted in coordination with public service providers consistent with OAR 660-024-0060(8). Public Facilities as referenced in OAR 660-024-0060(7) include water, sanitary sewer, storm water, transportation, and park facilities. Comments regarding public facilities and services were provided by the Hubbard Public Works and Marion County Public Works Departments and the Oregon Department of Transportation (ODOT). Out of seven (7) areas studied, four (4) areas were selected for inclusion into Hubbard's Urban Growth Boundary. See Attachment A – Public Facility Plan Areas.

These areas, clockwise from the southeast are listed below.

Plan Area 1:

Fifty-three point one (53.1) acres south of Whiskey Hill Road and east of the industrial area served by Industrial Avenue. The eastern boundary is Painter Loop. This area is zoned Low Density Residential (R-1). Plan Area 1 has not been annexed. See Attachment B - Plan Area 1.

Plan Area 2:

Sixteen point fifty-four (16.54) acres south of Little Bear Creek and west of the Pacific Highway (99 E). This area is zoned Industrial (I). This area contains tax lots 400, 500, 800, 900, 1000 and 1100 (tax lots 500 and 800 have been consolidated into 400) (Marion County Assessor's Map 41W33DC). Most of this area was recently annexed and developed. The remaining un-annexed area was developed years ago. See Attachment C - Plan Area 2.

Plan Area 3:

Fifty-six point three (56.3) acres west of the Union Pacific Railroad and south of Broadacres Road. Mill Creek forms its westerly boundary. The northerly half is zoned High Density Residential (R-3) and the southerly half is zoned Medium Density Residential (R-2). Plan Area 3 has not been annexed. See Attachment D - Plan Area 3.

Plan Area 4: (no public facilities required)

Three (3.0) acres along the east bank of Mill Creek, north of D Street, and west of the recent Mineral Springs Park Subdivision. This area is zoned Public Use (PU). Page 64 of Hubbard's Parks Master Plan, dated May 8, 2007, proposes that this area become part of a recreational trail system linking Broadacres Road at the south end of Hubbard to the North Marion School District Properties adjacent to Boones Ferry Road (several miles north of Hubbard).

Because of the City's requirements for riparian easements and the steep topography, there is no buildable land within in the boundaries of this area. Therefore, no facilities, as defined in OAR 660-024-0060(7) will be required. Plan Area 4 has not been annexed. See Attachment E - Plan Area 4.

PUBLIC FACILITY DEFICIENCIES BY PLAN AREA:

On September 28, 2012, a meeting between the City's Public Works Superintendent and William I. Peterson Engineering Consultants, Inc. (WIP) took place to determine each plan area's infrastructure deficiencies. As Hubbard's Development Code requires all onsite improvements to be constructed at the expense of the developer, it was determined only offsite Public Facilities Deficiencies need to be identified in this Plan document.

Onsite improvements are required when development of any area within the plan areas are proposed. As a condition of approval of annexation of any of the property within the study area Master Plan updates for water distribution mains and sanitary sewer trunk lines will be required. Actual routing of water mains and sanitary sewer trunk lines cannot be determined until roadway locations are known. Therefore, Master Plans are typically prepared in conjunction with development. All public and private infrastructure costs within developing areas of the city are the responsibility of developers. Exceptions have been made for over-sizing of water mains or sewer trunk lines designed to serve areas outside of the developer's property. Over-sizing reimbursements require City approval. Appropriate areas to be assessed are recorded for future reference and reimbursement is made when development occurs.

In general, on-site residential development costs are usually expressed in cost per lot. Single family developments of the small lot size are typically being developed at a cost in the range of \$15,000.00 to \$25,000.00 per lot. That cost does not include land costs or dwelling unit costs. Included in the costs are planning, engineering, surveying and plating costs, clearing for construction, street construction (excavation, base rock, pavement, curbs, sidewalks), storm drainage, sanitary sewer lines and laterals, water system mains and service connections for future homes. The range of costs for subdivision developments depends largely on the size of the project. Smaller projects usually incur larger costs per lot.

It was also determined that Hubbard's Wastewater Treatment Plant (WWTP), including all existing lift stations, have ample capacity to serve the anticipated requirements of the plan areas. Likewise, Hubbard's water supply (wells) and storage system have ample capacity to serve the anticipated requirements of the plan areas.

The offsite deficiencies were identified for each plan area and are discussed below.

Plan Area 1: (See Attachment F – Plan Area 1 - Potential Offsite Improvements)

Sanitary Sewer:

There is a 10-inch sanitary sewer trunk line which flows west from Industrial Avenue under Pacific Highway (99E) and the Union Pacific Railroad to the Third Street lift station. The City's Public Works Superintendent believes an extension of this 10-inch line across 2700 Industrial Avenue is preferred to the only alternate route: west along J Street (or G Street), then north along Pacific Highway (99E) to D Street and then west to the lift station at the WWTP. Therefore, a 10-inch sanitary sewer extension and easement is required across 2700 Industrial Avenue to the west boundary of the plan area.

Offsite Public Facility Deficiencies:

Extend the 10-inch sanitary sewer in an easement across 2700 Industrial Avenue.

Storm Water:

The natural drainage is southeasterly to Brandy Creek. Brandy Creek crosses under Painter Loop through a culvert near the southeastern corner of the plan area. Previous Storm Water Master Plans identified Brandy Creek as the approved point of discharge for storm water in the area. According to one of Marion County's Public Works Department engineers, "the existing 12-inch concrete culvert under Painter Loop is not known to have problems." However, minor flooding has occurred along Dunn Street. The County recommends that Dunn Street be drained by a storm water line flowing east from Dunn Street to Painter Loop. This extension would be an onsite rather than an offsite deficiency. The PFFP recommends that preparation of a Storm Water Master Plan for all of Plan Area 1 be made a condition of approval for any annexation. Storm water detention could be incorporated in the Park. See the discussion under the "Parks" heading below.

Offsite Public Facility Deficiencies:

None; provided preparation of a Storm Water Master Plan for Area 1 be made a condition of approval for annexation.

Water:

A 10-inch water main exists along the northern plan area in Whiskey Hill Road to Oak Street. A 6-inch water main extends from a 10-inch water main in Industrial Avenue to the southern property line of 2400 Industrial Drive. The 6-inch offsite main needs to be upgraded to a 10-inch line and extended to the west boundary of the plan area. The onsite water system will eventually loop from Whiskey Hill Road to Industrial Drive, but the onsite cost is the responsibility of the developers. The extent of the looping will be made on a case by case basis as the area develops by the City Engineer as it is dependent on the size and location of the development within the plan area.

Offsite Public Facility Deficiencies:

Extend the 10-inch water line in Industrial Drive 640-feet to the west boundary of the plan area.

Transportation:

Figure 6.2 of the City's Transportation Plan indicates that no offsite roads are required to serve the plan area however, new sidewalks are identified in the City's Transportation System Plan (TSP) along Whiskey Hill Road. The PFFP recommends that the sidewalk identified along the south side of Whiskey Hill Road, adjacent to Plan Area 1, be made a condition of approval for any adjacent development. However, the PFFP does not recommend installation of the sidewalks on the north side of Whiskey Hill Road.

Offsite Public Facility Deficiencies:

None; provided the installation of sidewalks on the south side of Whiskey Hill Road is made a condition of approval for any adjacent development.

Figure 6.3 of the City's Transportation Plan indicates a suggested onsite roadway layout for Plan Area 1. As stated under Public Facility Deficiencies on Page 4, "As Hubbard's Development Code requires all onsite improvements to be constructed at the expense of the developer, it was determined that only offsite Public Facilities Deficiencies need to be identified in this plan document." The actual feasibility of the street system in the TSP is dependent on many variables that may be unknown to the transportation planners. The suggested layout shown on Figure 6.3 is only one possible layout. Therefore onsite roads (and sidewalks) are not a part of the PFFP.

Parks:

A 5+ acre park is identified in the City's Park Master Plan on the east side of Pacific Highway (99E), but the exact location has not been determined. The City's Land Use Planner, recommends that the park be located in Plan Area 1 to avoid the potential zoning issues associated with developing a park on land zoned by Marion County as Exclusive Farm Use (EFU) that is also outside of the Urban Growth Boundary. If the planned park is located in Plan Area 1, a means to acquire the land must be determined. If a developer acquires sufficient acreage, a portion of the development can be set aside for the planned park. The Park Master Plan states, "Prior to the time land is annexed or developed, the City should work with property owners to acquire the 5+ acre site." The City could consider acquiring land for the park in stages. A storm water detention system could also be incorporated into the park.

Public Facility Deficiencies:

Acquire land and develop the planned east side park within Plan Area 1.

Plan Area 2: (See Attachment G – Plan Area 2 - Potential Offsite Improvements)

Sanitary Sewer:

An 8-inch sanitary sewer line was extended to the south across tax lots 400 and 900 (Marion County Assessor's Map 41W33DC) along Pacific Highway (99E) and is ready to serve tax lots 1000 and 1100 (Marion County Assessor's Map 41W33DC). Upon annexation the 8-inch sanitary sewer line needs to be extended south across tax lots 1000 and 1100 to serve any future UGB expansion to the south. There are no offsite sanitary sewer deficiencies.

Offsite Public Facility Deficiencies:

None; provided the extension of the 8-inch sanitary sewer line and easement (if required) across tax lots 1000 and 1100 is made a condition of approval of the annexation of either of these tax lots.

Storm Water:

As the area is mostly developed, storm water requirements are minor, provided Hubbard's Storm Water Detention Design and Construction Standards are followed. An existing 18-inch storm water line in Pacific Highway (99E) and should be extended southerly along tax lots 1000 and 1100 (Marion County Assessor's Map 41W33DC) to serve any future UGB expansion to the south. There are no offsite storm water system deficiencies.

Offsite Public Facility Deficiencies:

None; provided the extension of the 18-inch storm water line and easement (if required) across tax lots 1000 and 1100 is made a condition of approval of the annexation of either of these tax lots.

Water:

A 10-inch water main was extended south across tax lots 400 and 900 (Marion County Assessor's Map 41W33DC) along Pacific Highway (99E). It should be extended southerly across tax lots 1000 and 1100 to serve any future UGB expansion to the south.

Offsite Public Facility Deficiencies:

None; provided the extension of the 10-inch water main and easement (if required) across tax lots 1000 and 1100 is made a condition of approval of the annexation of either of these tax lots.

Transportation:

The area is accessed by Pacific Highway (99E). The Transportation System Plan (TSP) calls for a phased approach to widening the Highway, which includes providing for south bound through and right turn lanes and the preservation of right-of-way needed to construct a 5-lane cross section in the long term future. See page 115 of the TSP, Preferred Plan Roadway Improvements. (*The City of Hubbard City Council adopted Ordinance 324-2012 on June 12, 2012, adopting the Transportation Plan.*) The adopted plan recognizes that improvements to Highway 99E are necessary and provides an analysis as to how the improvements can be accomplished over a period of several years. Improvements to the Highway within Area 2 are likely to be development driven based upon the impacts of future development and redevelopment of businesses within the area. The Hubbard Development Code requires development to construct full street improvements to all existing streets adjacent to, within or necessary to serve the property, unless the applicant demonstrates to the satisfaction of the City Engineer and ODOT when the subject property abuts a state highway, that the condition of the existing streets meet the City standards and are in satisfactory condition to handle projected traffic loads (HDC

2.202.03.F). A portion of the Highway within Area 2 was recently improved to the Major Arterial Phase II (4 Lane) street width (See also land use approvals for ANX 2008-02/ZC 2008-01/DR 2008-02 and DR 2008-03). City staff anticipates the remaining highway frontage within Area 2 will be required to complete similar street improvements consistent with the Major Arterial Phase II (4-lane) street design standard found in Figure 6.4 of the Hubbard TSP. Adequate right-of-way exists for the highway widening; however, an easement will be required to extend the sidewalk.

Offsite Public Facility Deficiencies:

None; provided an easement for a 6-foot wide sidewalk beyond the existing 80-foot wide highway right-of-way is made a condition of approval of the annexation of either of these tax lots.

Parks:

There are no park requirements for industrial zones.

Offsite Public Facility Deficiencies:

None.

Plan Area 3: (See Attachment H – Plan Area 3 - Potential Offsite Improvements)

Sanitary Sewer:

The Third Street lift station is nearly adjacent Plan Area 3. The lift station has an existing 12-inch influent line whose invert elevation is 159.06-feet. The system alarm is also set at this elevation. Therefore, most of the buildable area of this plan area can be served by this lift station. See Attachment “Plan Area 3 - Potential Offsite Improvements. As the lift station is within 100-feet of the most easterly corner of this plan area, only a short extension of offsite sanitary sewer line needs to be constructed. The PFFP recommends that the construction of this extension be made a condition of approval for any development in the plan area to avoid the need for public facility financing. A Master Sanitary Sewer Plan for all of Plan Area 3 is required as a condition of approval for any development in any portion of this area.

The onsite sanitary sewer system is the responsibility of the developers.

Offsite Public Facility Deficiencies:

None; provided the offsite sewer line extension be made a condition of approval of future development.

Storm Water:

The natural drainage is to Little Bear Creek and Mill Creek, which flow through the plan area. An open ditch along the west side of Third Street needs to be filled in prior to extending the sidewalk system to this plan area. See discussion under Plan Area 3’s “Transportation” heading below. A 10-inch storm water pipe needs to be extended 700-feet along the west side of Third Street, from “J” Street to Little Bear Creek, prior to filling the ditch. Catch basins and curbs will need to be extended along the west side of Third Street to convey storm water into the 10-inch storm drain pipe.

The onsite storm water system, including detention and treatment, is the responsibility of the developers. Riparian, flood plain, and drainage easements along the creeks will be required as a condition of annexation approval.

Offsite Public Facility Deficiencies:

Extend 700-feet of 10-inch storm drain, including catch basins, along the west side of Third Street

Water:

The City of Hubbard's main water storage and distribution center is located on the east side of the Union Pacific Railroad just east of Plan Area 3. Currently, a 10-inch water main delivers water to the area west of the railroad but the 10-inch main ends on J Street just west of Third Street. To supply adequate water during peak times, the 10-inch main should be extended further west 1000-feet to connect to the existing lines in Fourth through Seventh Streets and extend to the east side of the plan area. This extension will increase the water supply to existing users and Plan Area 3.

The 10-inch line also needs to be extended 690-feet south from J Street, along Third Street to the northern edge of the plan area. The water lines need to be looped within the plan area, but this is the responsibility of the developers. The extent of the looping will be made on a case by case basis as the area develops by the City Engineer as it is dependent on the size and location of the development within the plan area. A Master Water Plan for all of Plan Area 3 may be required as a Condition of Approval

for any development in any portion of this area. The requirement for a master plan should be made by the City Engineer upon submittal of a development plan.

Offsite Public Facility Deficiencies:

Extend 1000-feet of 10-inch water line along J Street, just west of Third Street to the eastern edge of the plan area connecting to the existing lines in Fourth through Seventh Streets.

Extend 690-feet of 10-inch water line south from J Street along Third Street to the northern edge of the plan area.

Transportation:

This plan area is served from the north by Broadacre Road and Third Street. Both are minor arterials per the TSP. The 2012 TSP identifies the installation of new sidewalks and curbs along the west side of Third Street and both sides of Broadacre Road.

Offsite Public Facility Deficiencies:

Extend 690-feet of sidewalk and curb along the west side of Third Street.

Extend 250-feet of sidewalk and curb along each side of Broadacre Road.

Figure 6.3 of the City's Transportation Plan indicates a suggested onsite street layout for this plan area. See attached Figure 6.3. Under Public Facility Deficiencies on Page 1, "Hubbard's Development Code requires all onsite improvements to be constructed at the expense of the developer. The actual feasibility of a street system is dependent on numerous variables that may be unknown to the transportation planners. Figure 6.3 indicates only one potential layout. Therefore, for these reasons, onsite roads (and sidewalks) are not a part of the PFFP.

Parks:

As of August 28, 2012, the City's Public Works Superintendent indicated that no parks are planned inside this plan area. As the plan area is zoned residential, residential SDCs provide financing for present and future park improvements throughout Hubbard.

Offsite Public Facility Deficiencies:

None.

Plan Area 4: (See Attachment E – Plan Area 4)

No public facilities are required within Plan Area 4 and, therefore, there are no deficiencies.

| PUBLIC FACILITY COST ESTIMATES BY PLAN AREA | | | |
|--|--|-------------------------------------|-----------------------|
| Plan Area 1 | Item | Cost / Unit | Estimate (\$) |
| Sanitary Sewer | Extend 100' of 10" sanitary sewer in an easement across 2700 Industrial Avenue. | \$45.00 per Foot | \$45,000.00 |
| Storm Water | None | - | - |
| Water | Extend 100' of 10" water main from Industrial Avenue to west boundary of Plan Area 1. | \$35.00 per Foot | \$35,000.00 |
| Transportation | None | - | - |
| Parks | Acquire land and construct the east side park. | From Parks Master Plan ¹ | \$1,035,762.00 |
| Total Plan Area 1 | | | \$1,115,762.00 |
| Plan Area 2 | Item | Cost / Unit | Estimate (\$) |
| Sanitary Sewer | None. | - | - |
| Storm Water | None. | - | - |
| Water | None. | - | - |
| Transportation | None. | - | - |
| Parks | None. | - | - |
| Total Plan Area 2 | | | \$ 0.00 |
| Plan Area 3 | Item | Cost / Unit | Estimate |
| Sanitary Sewer | None | - | - |
| Storm Water | Extend 700-feet of 10-inch storm water pipe along the west side of Third Street. | \$50.00 / LF | \$35,000.00 |
| Water | Extend 1000-feet of 10-inch water line along J Street, just west of Third Street to the eastern edge of the plan area. | \$60.00 / LF | \$60,000.00 |
| | Extend 690-feet of 10-inch water line south from J Street along Third Street to the northern edge of the plan area | \$60.00 / LF | \$41,400.00 |
| Transportation | Extend 690' of 6' wide sidewalk and curb along the west side of Third Street. | \$40.00 / LF | \$27,600.00 |
| | Extend 250' of 6' wide sidewalk and curb along each side of Broadacre Road | \$40.00 / LF | \$20,000.00 |
| Parks | None | - | - |
| Total Plan Area 3 | | | \$184,000.00 |
| Plan Area 4 | Item | Cost / Unit | Estimate |
| Sanitary Sewer | None | - | - |
| Storm Water | None | - | - |
| Water | None | - | - |
| Transportation | None | - | - |
| Parks | None | - | - |
| Total Plan Area 4 | | | \$ 0.00 |
| TOTAL | | | \$1,299,762.00 |

1. \$932,192.00 in 2007 adjusted for inflation.

PUBLIC FACILITY COST ESTIMATES BY FACILITY TYPE:

Sanitary Sewer:

| | | |
|------------------------------|-----------|------------------|
| Plan Area 1 | \$ | 45,000.00 |
| Plan Area 2 | \$ | 0.00 |
| Plan Area 3 | \$ | 0.00 |
| <u>Plan Area 4</u> | <u>\$</u> | <u>0.00</u> |
| Total Sanitary Sewer: | \$ | 45,000.00 |

Storm Water:

| | | |
|--------------------------|-----------|------------------|
| Plan Area 1 | \$ | 0.00 |
| Plan Area 2 | \$ | 0.00 |
| Plan Area 3 | \$ | 35,000.00 |
| <u>Plan Area 4</u> | <u>\$</u> | <u>0.00</u> |
| Total Storm Water | \$ | 35,000.00 |

Water:

| | | |
|---------------------|-----------|-------------------|
| Plan Area 1 | \$ | 35,000.00 |
| Plan Area 2 | \$ | 00.00 |
| Plan Area 3 | \$ | 101,400.00 |
| <u>Plan Area 4</u> | <u>\$</u> | <u>0.00</u> |
| Total Water: | \$ | 136,400.00 |

Transportation:

| | | |
|-----------------------------|-----------|--------------------|
| Plan Area 1 | \$ | 0.00 |
| Plan Area 2 | \$ | 0.00 |
| Plan Area 3 | \$ | 47,600.00 |
| <u>Plan Area 4</u> | <u>\$</u> | <u>0.00</u> |
| Total Transportation | | \$47,600.00 |

Parks:

| | | |
|--------------------|-----------|------------------------|
| Plan Area 1 | \$ | 1,035,762.00 |
| Plan Area 2 | \$ | 0.00 |
| Plan Area 3 | \$ | 0.00 |
| <u>Plan Area 4</u> | <u>\$</u> | <u>0.00</u> |
| Total Parks | | \$ 1,035,762.00 |

| | |
|--------------|------------------------|
| TOTAL | \$ 1,299,762.00 |
|--------------|------------------------|

PUBLIC FACILITY FINANCING OPTIONS:

Many financial options are available in Oregon for the construction of the needed offsite public facilities identified in this plan. The following is a brief description of these options:

System Development Charge (SDC) – An SDC is an impact fee charged on a new development. Fees collected are used to help pay a portion of the cost for needed expansion of offsite improvements. Currently, the City charges such fees for water, sewer, and transportation improvements and applies park SDCs only to new residential developments. SDCs are paid by the developer when building permits are issued.

Supplemental System Development Charge – As the name implies, this is an SDC in addition to the regular SDCs to pay for infrastructure improvements outside of what is considered normal. These charges would only be applied to new development within the plan areas as identified in the PFFP.

Advance Financing District – An Advance Financing District allows a developer to pay for the extension of infrastructure for a development outside of the normal development sequencing pattern. The developer is repaid for portions of the extension by other parties along the extension as development occurs. A District is used mostly by developers with access to significant capital.

Development Exactions – As a condition of approval for a development, developers are required to construct offsite infrastructure improvements at their expense.

Local Improvement District (LID) – An LID is created through an arrangement between property owners in a specified neighborhood and the City that provides for the funding of improvements needed in that district. Property owners benefiting from the improvements within the District pay for the improvements over time. Payments for the improvements are usually made annually over a 10-year period.

General Obligation Bond (GO Bond) – General Obligation Bonds are issued for the construction of public facility improvements. The bond is repaid over time through assessment of all properties within a jurisdiction where the improvements are constructed. For the City of Hubbard, the properties include the entire City. Exercising this option requires voter approval.

Revenue Bond (“backed” by a utility surcharge) – Revenue Bonds are issued for the construction of public facility improvements. The bonds are repaid based upon a revenue producing utility. For Hubbard, this could be applied to water and sewer improvements.

Local Gas Tax – A local gas tax increases gas taxes collected at fueling stations. Uses of the tax increase are limited to transportation facilities. A state-wide moratorium on local governments implementing this option is in effect until 2013.

Tax Increment Financing – Funding to pay for public facility improvements using tax increment financing is accomplished through the increase in property taxes from new development within the plan areas. Taxes collected for this purpose apply only to lands located within an urban renewal district.

The following page provides additional information regarding these finance mechanisms.

| CITY OF HUBBARD | | | | | |
|---|--|--|---|--|---|
| Public Facility Financing Option Comparison | | | | | |
| Option | Who Pays | Timing | Pros | Cons | Comments |
| System Development Charge (SDC) | Developer | One-time fee collected when building permit is issued. | Fee is proportional to development impacts. Costs are spread across broad base. Easy to enact through Council approval. | Higher financing costs and uncertainty about revenue timing. May not fully fund needed improvements. | Most widely used financing option for public facilities financing in Oregon. Rates need to be maintained in order for revenue to cover costs. Council Approves project priorities through the budget process. Cash flow uncertainty is a problem. |
| Add-on SDC (SSDC) | Developer | One-time fee collected when building permit is issued. | Fee is proportional to impact. Addresses "equity" issues for improvements that only benefit a few properties. | Adds to development costs. | Funds are dedicated to a small batch of projects, but there is an accompanying loss of Council flexibility for managing the timing and sequence of funded improvements. Cash flow uncertainty becomes a larger problem. |
| Advance Financing District (Reimbursement District) (AFD) | Developer | At the time of development as a condition of approval. | Allows projects to proceed ahead of normal sequencing. Payback by other property owners monitored by the city. | Adds to capital and financing costs. Risk that other property owners may not develop and repay their fair share. | Often used in conjunction with SDC's to let large projects move forward on their own schedule. Districts typically sunset after 10 - years, but may be extended with Council approval. Works best with large developments or consortiums. |
| Developer Extractions (i.e. conditions of approval) (DE) | Developer | At the time of development. | Privatizes the cost of certain offsite improvements. | Adds capital costs. May reduce land values. Limited application based on fair share doctrine. | There is an added risk that reliance on exactions may result in scattered improvements and fragmented service delivery capabilities. |
| Local Improvement District (LID) | Developer | Annual property tax assessment. | Low interest rates, secure financing, public backing. | Adds to land holding costs; may reduce land value. | LID's require majority approval by property owners within the district. The process can be difficult, but also flexible regarding when the assessments are due. Takes time to initiate the district. |
| General Obligation Bond (GOB) | Generally property assessments, depending on revenue pledge. | Varies based on financing structure. | City's full faith and credit backs the bond issue. Lowest borrowing rate. | Requires voter approval. May affect city's debt capacity and rating. High cost to secure approval. | Requires voter approved bond measure. State approval of tax-free private activity bonds may be difficult to secure. Likely to increase land holding costs. |

| | | | | | |
|---|--|---|--|--|---|
| Revenue Bond with Utility Surcharge backing (RB/US) | Utility customers (i.e. the property owner or lessee). | Monthly fee added to utility bill. May be consumption based or flat rate. | Shifts capital burden to operations. May reduce borrowing costs if it lowers the interest rate on borrowed funds. Council may approve. | Shifts capital burden to operations. Utility must have sufficient reserves and debt ceiling. Puts general ratepayers at risk. | Without a current street utility, the city would have to form one to utilize this approach on transportation projects. Bond holders typically require general rate backing to ensure against default. Capital reserves and borrowing capacity present significant limitation. |
| Local Gas Tax (LGT) | City residents and pass-through drivers. | With every fuel purchase. | Limited to transportation projects. Could free up funding for other projects outside the plan area. Very efficient collection. | Requires voter approval. Historically an unpopular tax. | Local gas tax and street utility funding mechanisms are under examination across the state due to a growing street maintenance backlog and lack of revenue to finance the non-SDC portion of local capital improvement programs. |
| Tax Increment Financing District (TIFD) | Property owner | Annually through regular property tax payments. | Capital improvements in essence become self-financing. Ability to add "general public benefit" projects. | Defers general fund revenue to taxing districts from affected properties until district sunsets. Limited debt capacity early on. | TIFDs can be expensive to set up and voter approval would be necessary. Vacant industrial land generally provides the highest value-added use of this financing tool. |

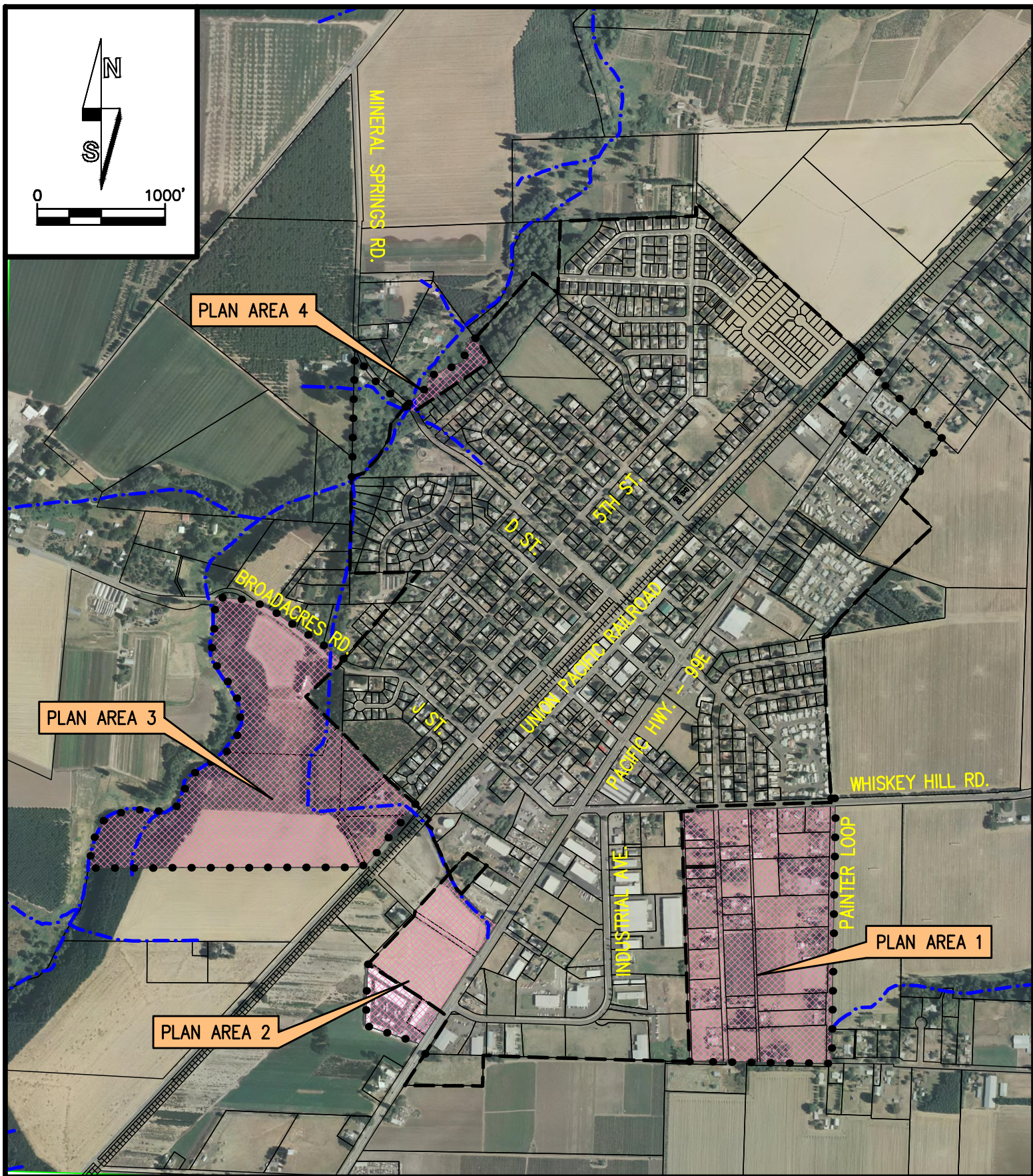
| PUBLIC FACILITY FINANCING METHOD BY PLAN AREA | | | |
|--|-----------------------|------------------------------|------------------------------|
| Plan Area 1 | Estimate (\$) | Best Financing Method | Alt. Financing Method |
| Sanitary Sewer | \$45,000.00 | LID | DE |
| Storm Water | N/A ¹ | N/A | N/A |
| Water | \$35,000.00 | LID | DE |
| Transportation | N/A ¹ | N/A | N/A |
| Parks | \$1,035,762.00 | SDCs ² | DE ² |
| Total Plan Area 1 | \$1,115,762.00 | | |
| Plan Area 2 | Estimate (\$) | Best Financing Method | Alt. Financing Method |
| Sanitary Sewer | N/A ¹ | N/A | N/A |
| Storm Water | N/A ¹ | N/A | N/A |
| Water | N/A ¹ | N/A | N/A |
| Transportation | N/A ¹ | N/A | N/A |
| Parks | N/A | N/A | N/A |
| Total Plan Area 2 | 0.00 | | |
| Plan Area 3 | Estimate (\$) | Best Financing Method | Alt. Financing Method |
| Sanitary Sewer | N/A ¹ | N/A | N/A |
| Storm Water | \$ 35,000.00 | AFD | DE |
| Water | \$ 101,400.00 | AFD | DE |
| Transportation | \$ 47,600.00 | AFD | DE |
| Parks | N/A | N/A | N/A |
| Total Plan Area 3 | \$ 166,000.00 | | |
| Plan Area 4 | Estimate (\$) | Best Financing Method | Alt. Financing Method |
| Sanitary Sewer | N/A | N/A | N/A |
| Storm Water | N/A | N/A | N/A |
| Water | N/A | N/A | N/A |
| Transportation | N/A | N/A | N/A |
| Parks | N/A | N/A | N/A |
| Total Plan Area 4 | \$ 0.00 | | |
| TOTAL | \$1,299,762.00 | | |

Notes:

1. See Public Facility Deficiencies by Plan Area starting on Page 3 for recommendations that often are a Developer Extraction or a requirement for developers to prepare Master Plans. These items are low in cost and commonly figured into the developer's budget. These do not normally require Public Financing and therefore no estimate is given.
2. Depending on the size of the development(s), the best financing method may be a combination of SDCs and DEs.

Acronyms that may be used on this page:

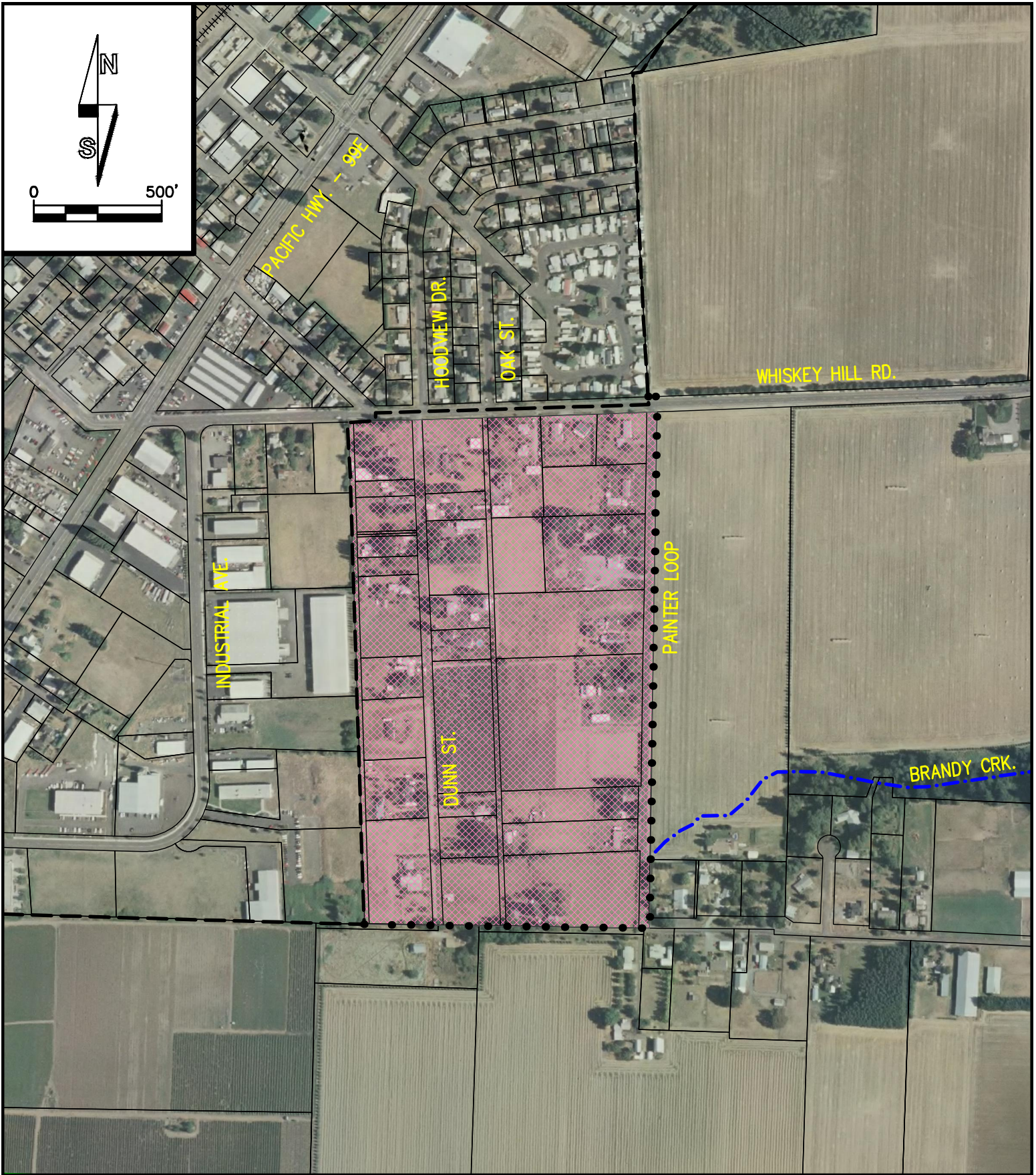
SDC System Development Charge
SSDC..... Supplemental System Development Charge
AFD..... Advance Financing District
DE..... Developer Extractions
LIC..... Local Improvement District
GOB..... General Obligation Bond
RB / US..... Utility Bond with Utility Surcharge
LGT..... Local Gas Tax
TIFD..... Tax Increment Financing District



- City Limits
- • • • • Urban Growth Bndy.
- Property Lines
- Plan Areas

Public Facility Financing Plan Areas

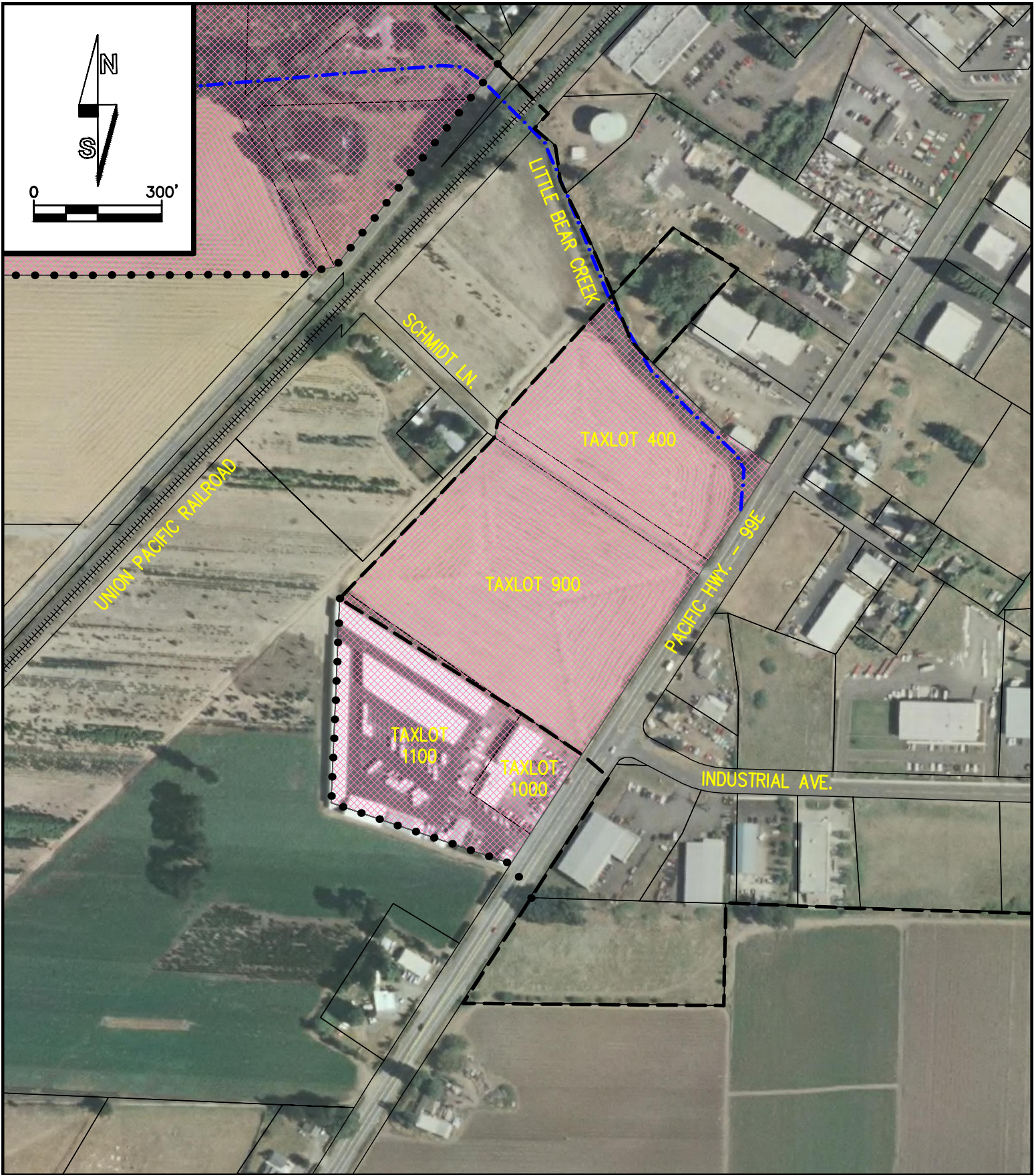
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--- City Limits
• • • • • Urban Growth Bndy.
— Property Lines
Plan Areas

Plan Area 1

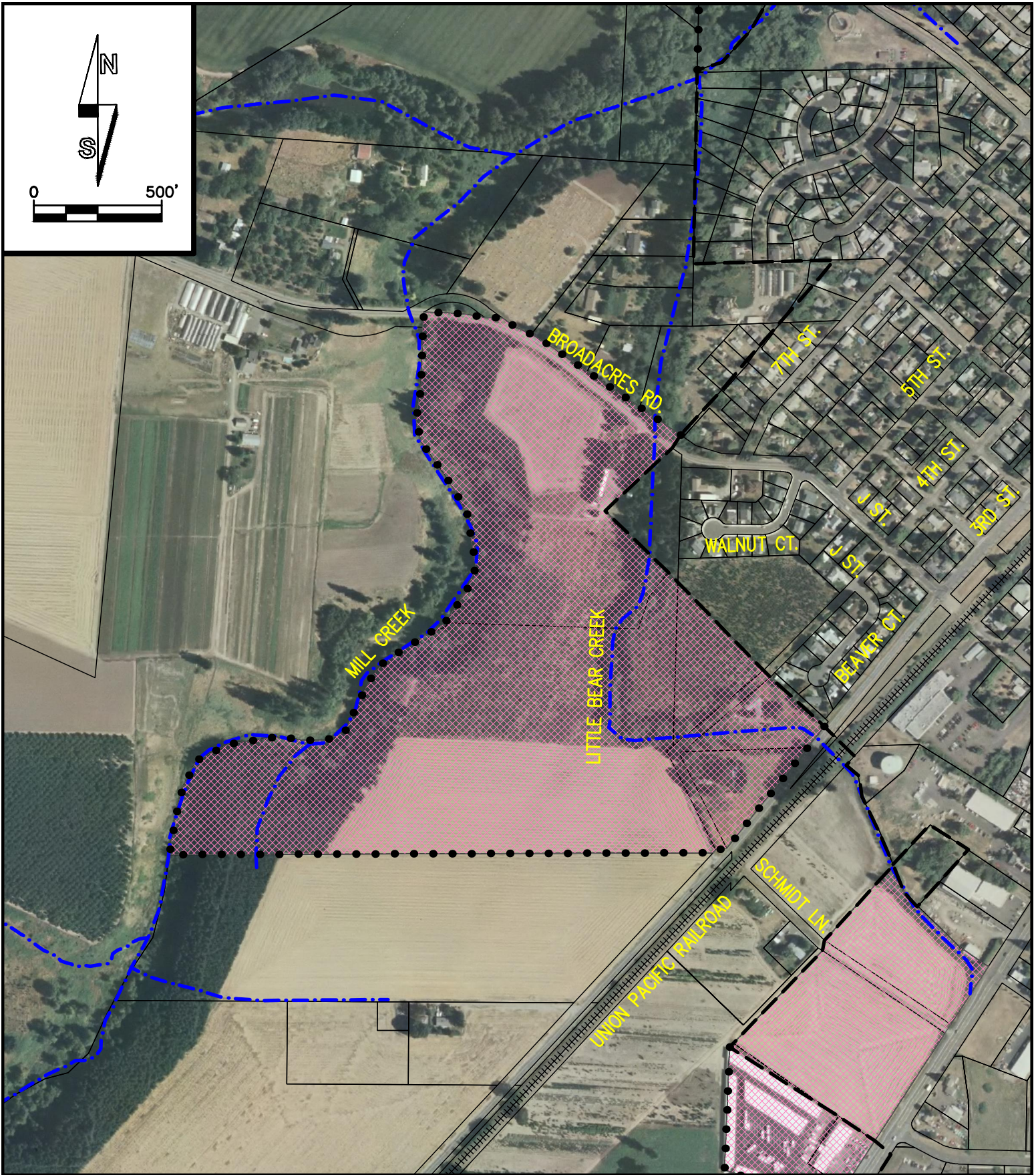
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| --- | City Limits |
| • • • • • | Urban Growth Bndy. |
| --- | Property Lines |
|  | Plan Areas |

Plan Area 2

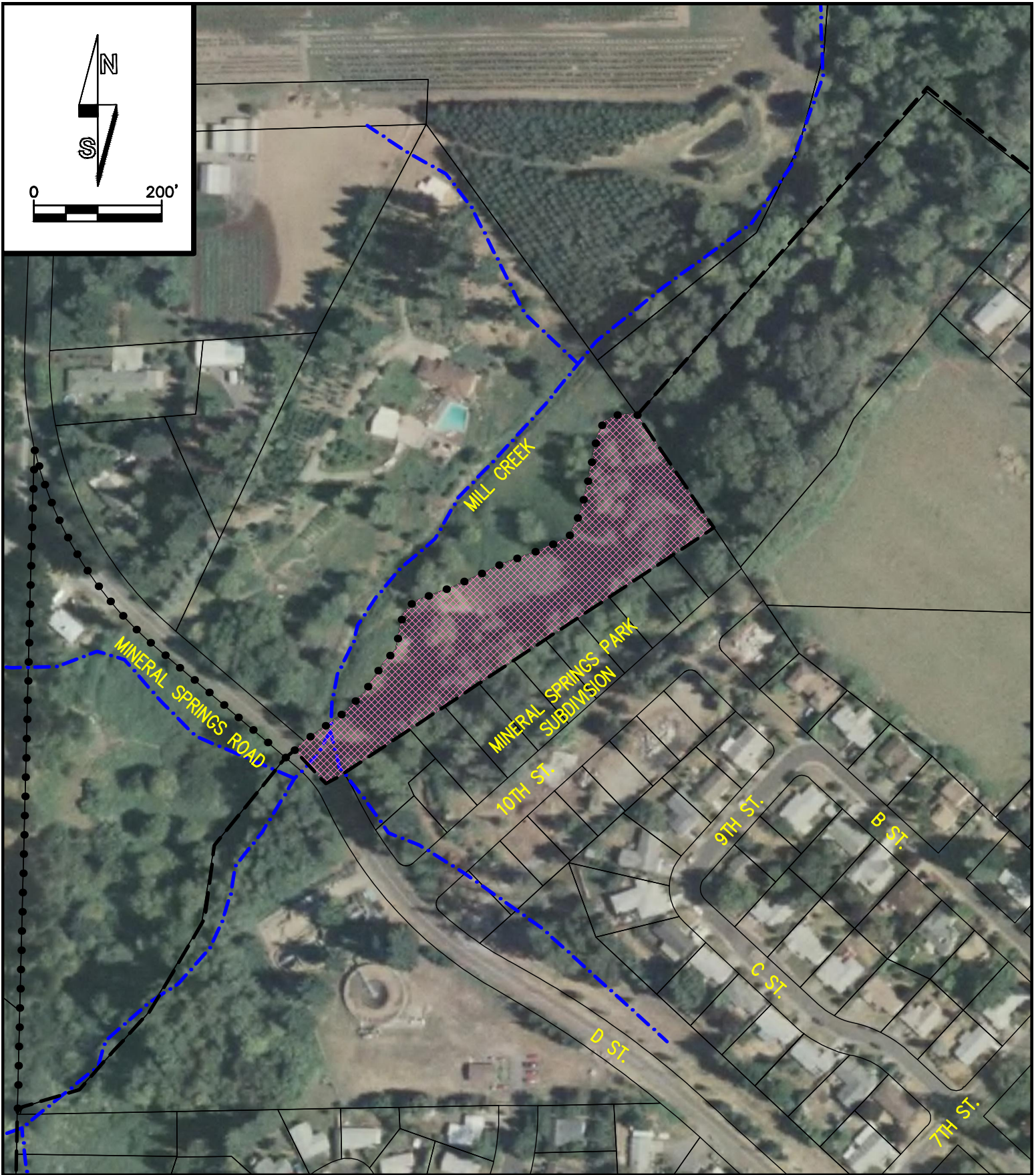
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| --- | City Limits |
| • • • • • | Urban Growth Bndy. |
| — | Property Lines |
|  | Plan Areas |

Plan Area 3

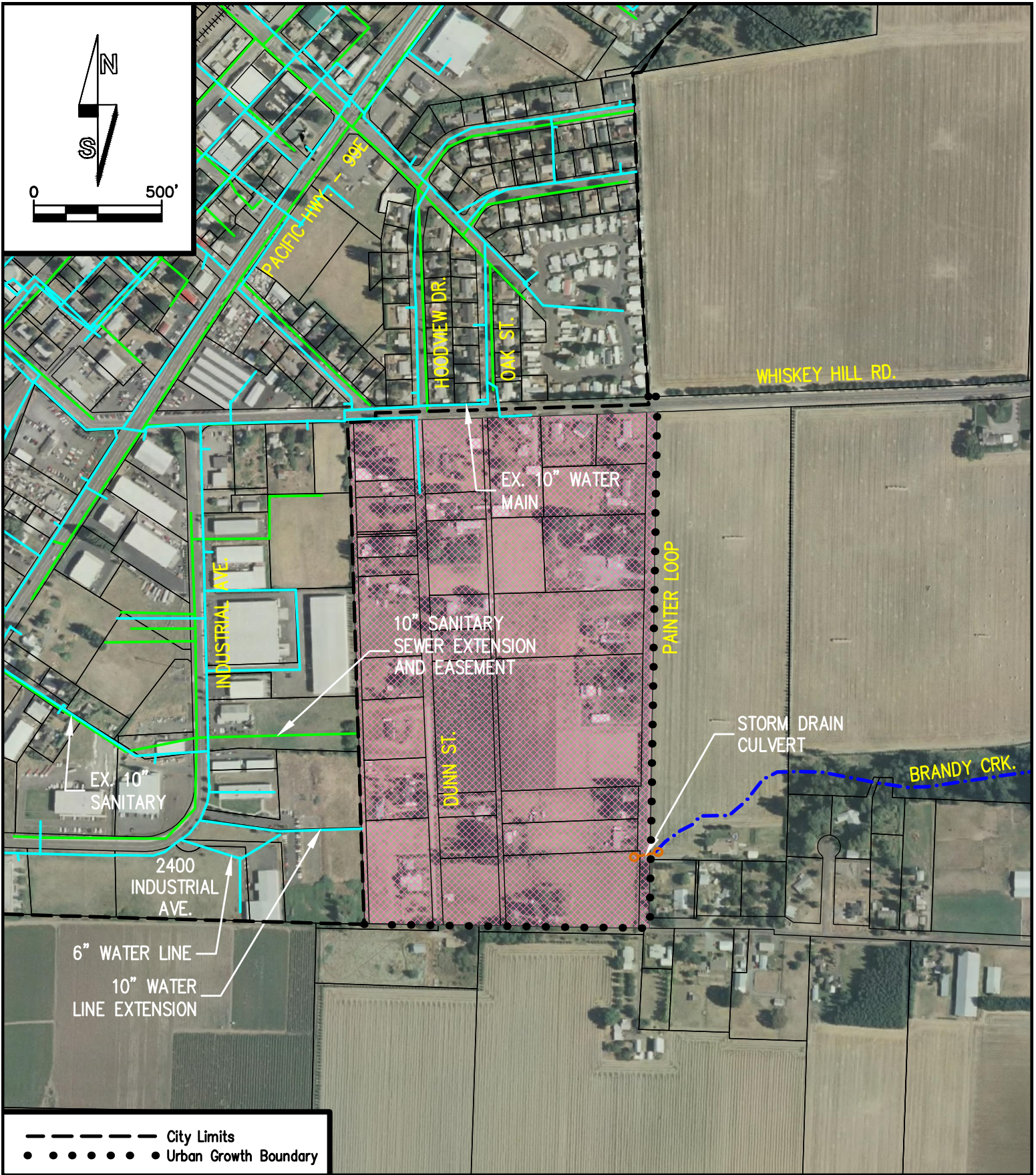
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| | |
|--|--------------------|
| | City Limits |
| | Urban Growth Bndy. |
| | Property Lines |
| | Plan Areas |

Plan Area 4

Attachment
"E"



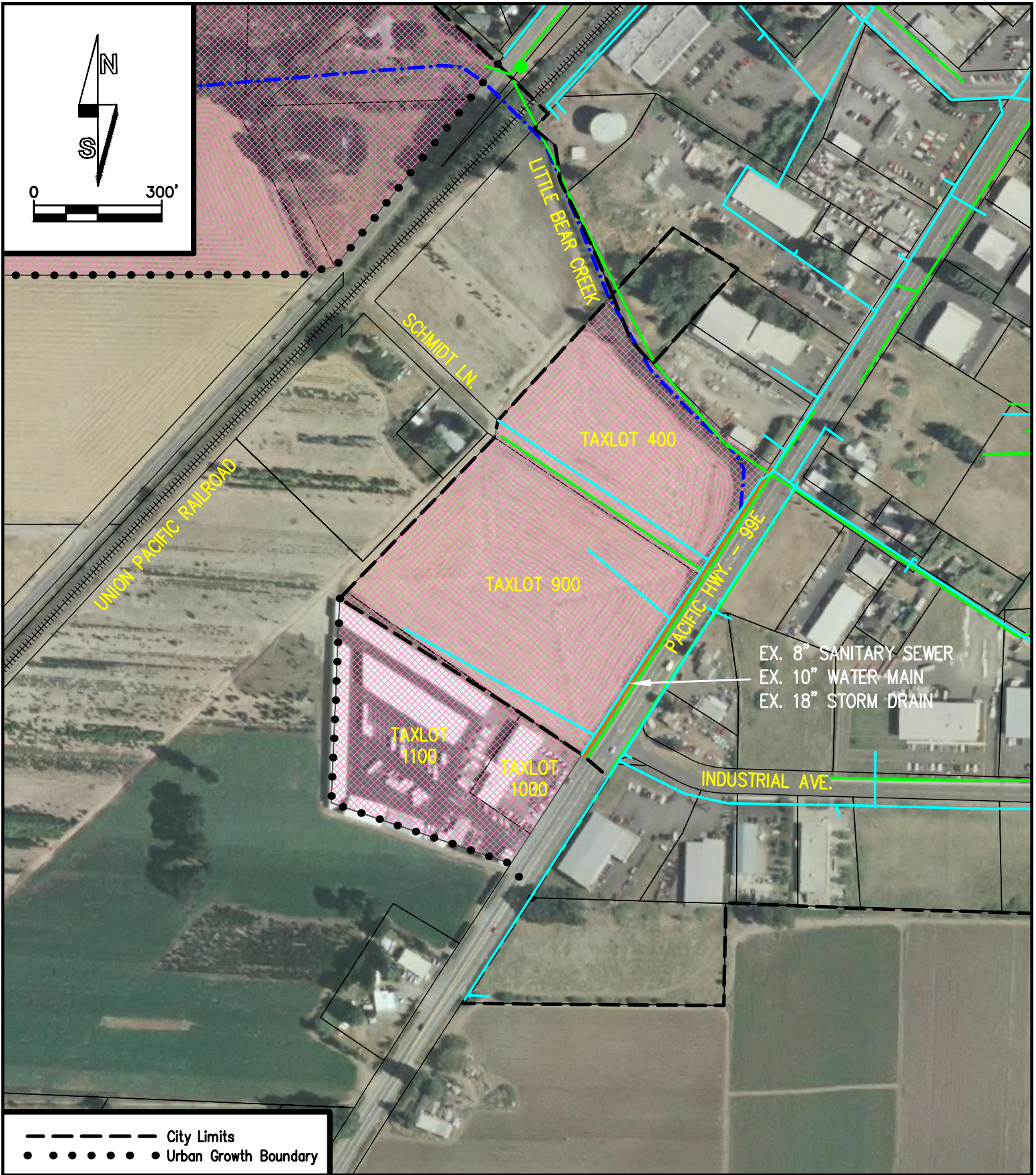
- City Limits
- • • • • Urban Growth Boundary

| | |
|--|----------------|
| | Sanitary Sewer |
| | Water Main |
| | Storm Water |
| | Plan Areas |

Plan Area 1

Potential Offsite Improvements

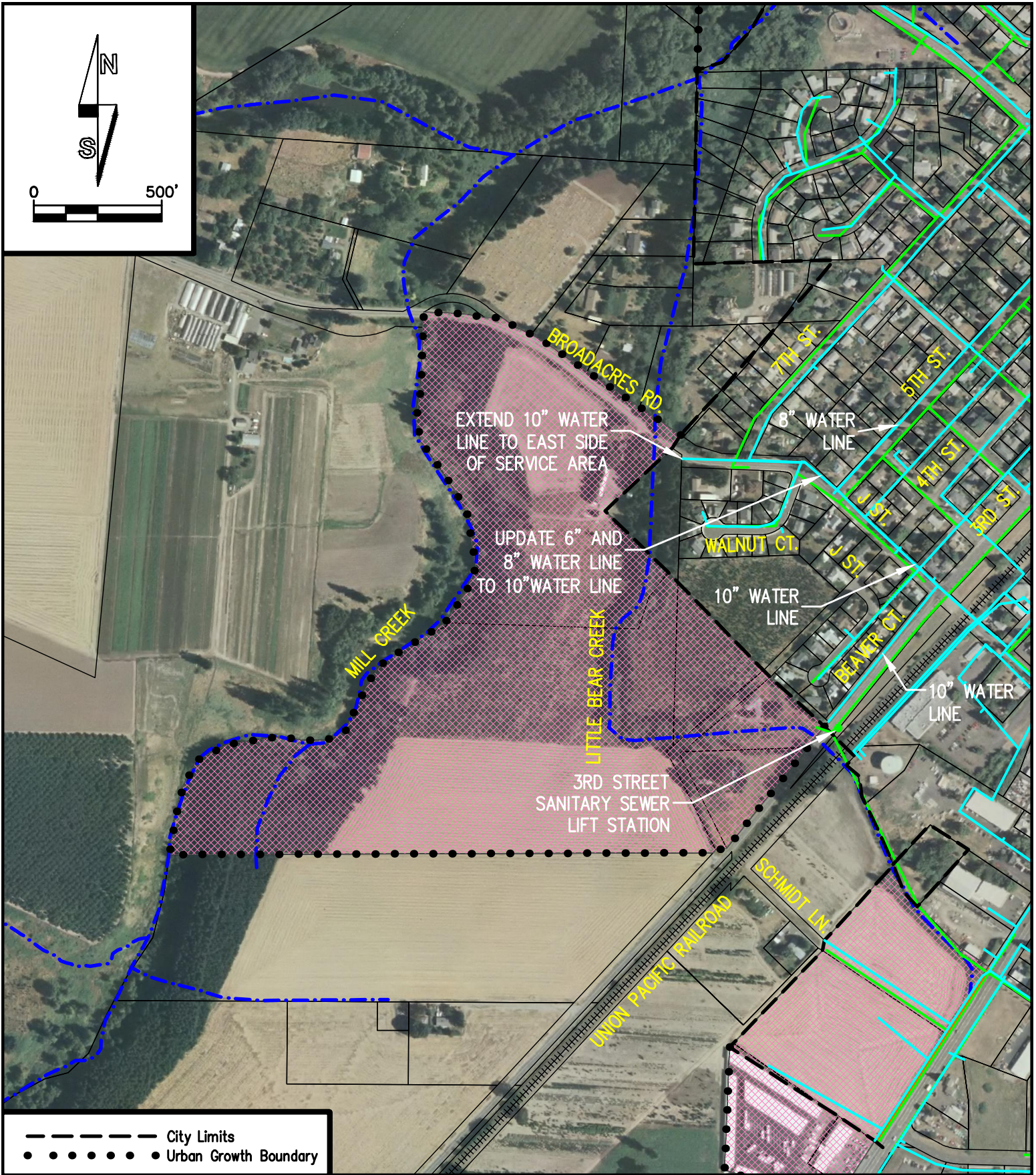
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Plan Area 2

Potential Offsite Improvements

Attachment
"G"



- City Limits
- • • • • Urban Growth Boundary

- Sanitary Sewer
- Water Main
- Storm Water
- Plan Areas

Area 3

Potential Offsite Improvements

Attachment
"H"