

OREGON GROWTH MANAGEMENT STUDY

TASK THREE AND TASK SIX: INFRASTRUCTURE DEVELOPMENT, JURISDICTIONAL FINANCIAL CAPACITY AND ROLE OF SERVICE DISTRICTS

Introduction:

This report is divided into several sections. In covering Task Three of the project, infrastructure development and jurisdictional financial capacity, our analytical approach first defines the types of capital and operating services local government is expected to provide to developable areas. To be useful over a range of actual development proposals, capital and operating services are specified by scale of development - under 50 acres, 50 - 250 acres, and greater than 250 acres. Development here is defined as residential and requisite commercial. Exclusive industrial or community/regional commercial development is not covered.

Secondly, for the cases of development within City boundaries and development outside City boundaries we define and specify the various governments potentially responsible for delivering all or part of a particular service. By specification we mean that a particular government entity is described in terms of legal authority, financial authority, including debt issuance and limitations, and fiscal capacity to raise revenue for operations and debt service. Descriptions are limited to those governmental forms having the capacity to deliver essential urban services to developing areas. Ancillary government forms such as weed or weather control districts are not discussed.

Thirdly, based on the inventory of services required for development and the various local government jurisdictions responsible for delivering the services, we perform a set of 5 case studies based on actual existing or proposed developments. These case studies measure such aspects as the scale of the development (size in acres, population, etc.), the services required for appropriate development and the services actually provided by the responsible provider jurisdictions. To the extent feasible these case studies include an analysis of the costs and revenues experienced by the relevant jurisdictions as a result of the development. Case studies were chosen to represent a range of jurisdictional situations. Two are historic infill areas adjacent to, but outside, municipal boundaries; one is a proposed development outside municipal boundaries but to be serviced and annexed by the adjacent City. Another development is a recently completed subdivision within Washington County and a final example is an infill development/redevelopment within the City of Portland.

In section four we address Task Six of the project, in which we focus specifically on the role of service districts in growth management within the UGB. For this task we make use of the data collected in Task Three and examine those situations where service districts are integral to growth management and situations where they may be peripheral to growth management. In this task we enumerate actual examples where cities and service districts function effectively in growth

management and detail those instances where cities and service district cooperation can be mutually beneficial. We also suggest a number of possible methods such as consolidation and service contracting that can respond to the fiscal and service inequities resulting from urban growth inside and outside municipal boundaries.

We devote the fifth section to an analysis and assessment of the information provided in the previous sections. In this section we relate the case study results to the inventory of necessary development services and provider jurisdictions. We note what services are provided with development and which are not. We then relate service provision adequacies and inadequacies to the various levels of local government charged with service provision responsibilities. Where it appears the inventory of provided services is inadequate, we pinpoint the jurisdictional, development and planning standard or financial authority deficiency that caused it to occur.

So What's the Problem?

Before we start searching through the legal and numerical forest that constitutes the substance of the local government side of "growth management", we need to establish an understanding of what we are looking for. To do that we define an ideal growth management structure. To the extent that we find less than that, we have a problem which may or may not need fixing.

First the ideal growth management system provides neighborhood and community services necessary for the timely conversion (or redevelopment) of land in designated areas from agricultural (or deteriorated urban) uses to urban uses. Secondly, ideal growth management should be financed efficiently and equitably; meaning that significantly large areas should bear a development cost proportionate to the cost of servicing that area. The amount and incidence of development and service cost should reasonably reflect the conditions of the area and not the particular set of local government institutions delivering urban services in that area. Thirdly, the type and amount of local government capital and operating services provided for development should be reasonably consistent within the Urban Growth Boundary communities. Finally, for all areas designated for development within the UGB every jurisdiction responsible for delivering the necessary services should be designated, available and provided a positive incentive and mandate to provide the services as required.

Findings

_____ In Summary, growth management on Oregon is not working adequately in that it exhibits the following deficiencies:

1. There is a substantial underprovision or non provision of community services as development occurs which results in numerous community facilities operating beyond capacity.

2. There are differing standards within a metropolitan area concerning what facilities and services should be provided, what development should pay for and what should be paid from general taxes. As a consequence, development may occur where short term costs to developer are least; and not where it should be most efficiently located. Individual development on large lots outside the UGB is an extreme example of this.
3. There is no necessary relationship between growth and the growth of revenues necessary to pay for capital facilities and operating services. Consequently, negatively impacted jurisdictions, those that will not have additional fiscal capacity to adequately serve new population, may be reluctant to accommodate appropriate growth levels.
4. There exist areas inside the UGB that are designated for growth and expected to grow, but no one jurisdiction is responsible for providing all the necessary services, none (most significantly cities) appear to have the incentive, and some lack fiscal authority for doing so.
5. There are facility and service level inconsistencies between similar developing areas within the UGB resulting from different types of governments with differing levels of taxing and revenue raising ability, spending and taxing at substantially differing levels.
6. There are mismatches between revenue raising areas of counties and service responsibility areas of counties, which give rise to "subsidies" from some areas to other areas.
7. There is low density development in low tax, low service areas occurring adjacent to high tax, high service areas that consumes the collective public goods provided in the high service area. (i.e., parks, libraries, public safety, roads and streets.)
8. There is overlapping and fragmented jurisdictional responsibility for supplying various capital and operating services necessary for appropriate urban development and no one jurisdiction has exclusive choice and coordination responsibility for selecting appropriate development government and finance mechanisms.
9. The land use planning responsibility of counties does not usually translate into financial and growth management obligation, which tends to be fulfilled by a combination of providers the most significant of which are special districts.
10. Failure of the "growth management system" to provide timely development services can result in areas never achieving the urban densities planned for them.
11. The most significant aspect of local government fragmentation with respect to growth management is that any one local government is prevented from establishing appropriate standards and financing mechanisms necessary for efficient and equitable growth. That is because price competition will result in development gravitating toward those areas with greatest amount of development subsidy and discourage development in those areas charging

the full community cost of development.

On the other hand, there are a number of examples where growth management is working adequately, despite the handicaps enumerated above. These results can be attributed to the following:

1. Cities, Counties and Special Districts are unilaterally creating planning, financial and operating agreements to provide the necessary facilities and services.
2. Some local governments are attempting to identify costs of growth and implement development charges commensurate or proportional to the costs imposed by development.
3. Some local governments are doing in depth facilities planning for large geographic areas greater than 250 acres and identifying all the costs, revenues and governmental jurisdiction necessary to supply capital and operating services. These governments are in effect, to the best of their ability, requiring concurrence as pre-requisite to permitting development to occur.

In sum, the above symptoms of dysfunctional growth management results in provision of poor facilities and services, overcrowding of existing services, failure to provide serviced urban land, and growing resistance among local jurisdictions to accommodating growth. We also note isolated instances where local governments are unilaterally addressing these problems; however, such attempts can not be wholly successful without uniform standards for costs and development funding, as shown below.

What is to be done ?

Based on the above findings, Oregon growth management needs to be moved toward the ideal we have just described. Beyond the comprehensive plan and public facility plan requirements, the state needs to establish performance standards for local government in regard to facility development and financing of service necessary for growth. These standards would enumerate the community facilities such as arterials, streets, neighborhood parks, water supply, waste treatment and schools that need to be provided in areas designated for growth. Standards would also include how much of development costs would need to be paid by the development itself and how much by general revenues.

Additionally, there needs to be a standardization of revenue sources, debt capacity, and financing ability among the jurisdictions delivering similar development services. The methods for paying for capital costs needs to be consistent and fair. Fortuitous accidents of funding, for example the greater capacity of counties to pay for roads in unincorporated areas should not result in development occurring which lacks or does not pay for other key services which we have identified. The land use planning concept of coordination should expand beyond planning to coordination of actual development and urban growth management.

Every area within the UGB should have clearly designated and defined jurisdictional responsibility for growth management necessary to achieve planned urban densities. It shall be the responsibility of the jurisdiction so designated to actually and formally coordinate all aspects of growth management and development services with all capital and operating jurisdictions functioning within the designated area. Legislation is needed to ensure that every participating jurisdiction should have positive financial incentive to participate in development.

To restate our basic premise, assuming that we have streamlined, simplified and coordinated growth management mechanisms, we must acknowledge that to obtain the kind of growth and development actually desired takes active leadership and clear responsibility for the results. That leadership and assumption of risk has to be rewarded, and the clearest reward for good planning and implementation could be an annexation structure that assures that the areas developed to urban level densities will have the fiscal capacity to provide full range of urban services. By annexation we do not mean to suggest that efficient regional or multi-jurisdictional service providers be abandoned. On the contrary, as we document in our study, service districts frequently serve a valuable regional or multi-jurisdictional purpose in an efficient manner and need to be maintained.

SECTION ONE: INVENTORY OF CAPITAL AND OPERATING SERVICES NECESSARY FOR DEVELOPMENT

We have organized the capital and services inventory in three basic ways. These are defined as follows:

Capital services: These consist of the actual physical infrastructure necessary to make land useable for urban densities.

Operating services: These services consist not only of maintenance of capital but of such services as fire, police, planning, k-12 education, etc.

Besides the division of services into capital and operating, we also have arrayed the data by scale of development. We discuss three scales of development. They are as follows:

Less than 50 acres: This is representative of most residential type developments that come "over the counter". In other words, most of the proposed developments that planning officials see are for less than 50 acres and given that they agree with the overall Comprehensive Plan designation are evaluated from the standpoint of the adequacy of a less than 50 acre residential subdivision.

50 - 250 acres: Occasionally developments are proposed of this size. Important here is that developments approaching this size range begin to raise questions of arterial traffic, commercial requirements, school capacity, etc. Significantly, these questions seldom arise in the context of smaller developments.

Greater than 250 acres: Since developments are mainly proposed by developers with one ownership, developments of this size rarely occur owing to the difficulty of raw land assembly. Significantly, it is in regard to proposed developments of this size that most of the questions arise concerning community scale facilities such as schools, arterial streets, developed parks, commercial and community facilities, police and fire protection, water supply and sewage treatment capacity.

Beyond type of development service and scale of development, we also class the data along a third dimension. This amounts to development within a municipal boundary and development outside a municipal boundary but within the UGB. This latter classification makes little difference on the type of physical services required but does have an impact in regards to planning, coordination, financing, fiscal impact and intergovernmental equity issues. These issues in turn speak to the central issue of providing positive incentive to local government to manage development and growth in an efficient manner.

A. CAPITAL SERVICES

Below we have outlined the inventory of services by type and scale. For the moment we have ignored the division between municipal and non-municipal but will return to it in assessing jurisdictional responsibility, fiscal impact and financing authority. In discussing capital facilities for developments of less than 50 acres we also mention associated capital facilities for larger developments. This allows for a more informed perspective about what facilities are included in the typical development proposal and what are not included. Exhibits One and Two, below figure one, summarize the narrative information.

Exhibit One depicts by scale of development and type of facility whether a city, county or special district would be responsible for the facility and if the jurisdiction would provide or require the facility to be provided. These two questions are asked for development inside city limits and for development outside city limits. In the cases where the answer to jurisdiction authority is no, the facility provision question is not relevant. A "yes/yes" means a given government has jurisdiction and it would require the facility be supplied. A "yes/no" means a government has jurisdiction but the facility would ordinarily not be supplied at the scale of development. A question marks means that there is no clear practice or no

one knows for sure.

The results presented in Exhibit One indicate that at the scale development most commonly occurs at; it is likely only facilities directly attributable to the development will be supplied. Secondly, it is at this scale of development that responsibility is most likely to reside with one jurisdiction.

As the scale of development increases, Exhibit One indicates that it is likely more community services are required to be provided or paid for. However, it also appears that there is a greater likelihood a more diverse array of governments will have jurisdiction thereby complicating the issues of design standards, financing and cost responsibility. This is acutely true in many rapidly growing area where a number of different government organizations are responsible for providing capital facilities.

Exhibit Two (and Figure One) reflect the cost implications of the pattern demonstrated in Exhibit One. Costs are expressed on a per dwelling unit basis and cover a low - high range. The data are presented by facility type for three scales of development. Notable is that capital facility costs rapidly increase as we move from the scale of most developments up to the community scale. Capital costs of small scale (normal scale actually) run from \$6,000 to \$10,000 per dwelling unit. When you move up to community scale and include the cost of school and developed park and community facilities as well the costs rise to \$13550 - 33800 per dwelling unit.

Significantly, the difference between facility provision as it occurs and the facility requirements of a full community, must be made up in a variety of ways. The most common is temporary undersupply which results in community congestion and overcrowding or in the case of some services land areas that cannot grow to urban densities. Oftentimes, the gap is filled with a combination of federal grants, property tax levies (both serial and G.O. Bond) and diversion of general revenues to capital construction to retrofit underserved areas.

EXHIBIT ONE:

INVENTORY OF CAPITAL FACILITIES GOVERNMENT JURISDICTION AND PROVISION REQUIREMENT

CAPITAL FACILITY BY TYPE AND DEVELOPMENT SCALE	DEVELOPMENT INSIDE CITY			DEVELOPMENT OUTSIDE CITY		
	CITY	COUNTY	DISTRICT	CITY	COUNTY	DISTRICT
ROADS :						
	JURISDICTION?/FACILITY REQUIRED?			JURISDICTION?/FACILITY REQUIRED?		
LESS THAN 50 ACRES						
RESIDENTIAL STREETS	YES/YES	NO	NO	NO	YES/YES	YES/YES
COLLECTOR STREETS	YES/NO	NO	NO	NO	YES/NO	NO
ARTERIAL STREETS	??/NO	??/NO	NO	NO	YES/NO	NO
50 - 250 ACRES						
RESIDENTIAL STREETS	YES/YES	NO	NO	NO	YES/YES	YES/YES
COLLECTOR STREETS	YES/YES	NO	NO	NO	YES/YES	NO
ARTERIAL STREETS	??/??	??/??	NO	NO	YES/??	NO
GREATER THAN 250 ACRES						
RESIDENTIAL STREETS	YES/YES	NO	NO	NO	YES/YES	YES/YES
COLLECTOR STREETS	YES/YES	NO	NO	NO	YES/YES	NO
ARTERIAL STREETS	??/YES	??/YESNO		NO	YES/YES	NO
DRAINAGE FACILITIES :						
LESS THAN 50 ACRES						
ONSITE RUNOFF	YES/YES	NO	??/??	NO	YES/??	YES/YES
OFFSITE DISPOSAL	YES/??	NO	??/??	NO	YES/??	YES/??
BASIN WATER QUALITY	YES/??	NO	??/??	NO	YES/??	YES/??

50 - 250 ACRES

ONSITE RUNOFF	YES/YES	NO	??/??	NO	YES/??	YES/YES
OFFSITE DISPOSAL	YES/YES	??/??	YES/YES	NO	YES/YES	YES/YES
BASIN WATER QUALITY	YES/??	??/??	YES/YES	NO	YES/??	YES/YES

GREATER THAN 250 ACRES

ONSITE RUNOFF	YES/YES	NO	??/??	NO	YES/??	YES/YES
OFFSITE DISPOSAL	YES/YES	??/??	YES/YES	NO	YES/YES	YES/YES
BASIN WATER QUALITY	YES/??	??/??	YES/YES	NO	YES/??	YES/YES

SANITARY SEWERS:

LESS THAN 50 ACRES

RESIDENT. COLLECTORS	YES/YES	NO	NO	NO	NO	NO	YES/YES
TRUNKS/PUMP STNS.	YES/NO	NO	YES/NO	NO	NO	YES/NO	
WASTEWATER TREATMENT	YES/??	NO	YES/??	NO	NO	YES/??	

50 - 250 ACRES

RESIDENT. COLLECTORS	YES/YES	NO	NO	NO	NO	NO	YES/YES
TRUNKS/PUMP STNS.	YES/YES	NO	YES/YES	YES/YES	NO	YES/YES	
WASTEWATER TREATMENT	YES/??	NO	YES/??	YES/??	NO	YES/??	

GREATER THAN 250 ACRES

RESIDENT. COLLECTORS	YES/YES	NO	NO	NO	NO	NO	YES/YES
TRUNKS/PUMP STNS.	YES/YES	NO	YES/YES	YES/YES	NO	YES/YES	
WASTEWATER TREATMENT	YES/YES	NO	YES/YES	YES/YES	NO	YES/YES	

WATER SUPPLY AND DISTRIBUTION:

LESS THAN 50 ACRES

RESIDENT. DISTR.	YES/YES	NO	NO	YES/YES	NO	YES/YES
TRUNKS/STOR./PMPs.	YES/NO	NO	YES/NO	YES/NO	NO	YES/NO
WATER SUPPLY	YES/NO	NO	YES/NO	YES/NO	NO	YES/NO

50 - 250 ACRES

RESIDENT. DISTR.	YES/YES	NO	NO	YES/YES	NO	YES/YES
TRUNKS/STOR./PMPs.	YES/YES	NO	YES/??	YES/YES	NO	YES/YES
WATER SUPPLY	YES/??	NO	YES/??	YES/??	NO	YES/??

GREATER THAN 250 ACRES

RESIDENT. DISTR.	YES/YES	NO	NO	YES/YES	NO	YES/YES
TRUNKS/STOR./PMPs.	YES/YES	NO	YES/??	YES/YES	NO	YES/YES
WATER SUPPLY	YES/YES	NO	YES/??	YES/YES	NO	YES/YES

PARK DEVELOPMENT:

LESS THAN 50 ACRES

LAND	YES/NO	NO	YES/NO	NO	YES/NO	YES/NO
DEVELOPED PARKS	YES/NO	NO	YES/NO	NO	YES/NO	YES/NO
RECREATION PGMS.	YES/NO	NO	YES/NO	NO	YES/NO	YES/NO

50 - 250 ACRES

LAND	YES/??	NO	YES/??	NO	YES/NO	YES/??
DEVELOPED PARKS	YES/??	NO	YES/??	NO	YES/NO	YES/??
RECREATION PGMS.	YES/NO	NO	YES/NO	NO	YES/NO	YES/NO

GREATER THAN 250 ACRES

LAND	YES/YES	NO	YES/YES	NO	YES/NO	YES/YES
DEVELOPED PARKS	YES/??	NO	YES/??	NO	YES/NO	YES/??
RECREATION PGMS.	YES/??	NO	YES/??	NO	YES/NO	YES/??

OTHER COMMUNITY FACILITIES:

LESS THAN 50 ACRES

FIRE/POLICE/MUNICIPAL	YES/NO	NO	YES/NO	NO	YES/NO	YES/NO
50 - 250 ACRES						
FIRE/POLICE/MUNICIPAL	YES/NO	NO	YES/NO	NO	YES/NO	YES/NO
GREATER THAN 250 ACRES						
FIRE/POLICE/MUNICIPAL	YES/??	NO	YES/NO	NO	YES/NO	YES/??

SCHOOLS :

LESS THAN 50 ACRES

SCHOOL SITES	NO	NO	YES/NO	NO	NO	YES/NO
SCHOOL CONSTR	NO	NO	NO	YES/NO	NO	YES/NO

50 - 250 ACRES

SCHOOL SITES	NO	NO	YES/??	NO	NO	YES/??
SCHOOL CONSTR	NO	NO	NO	YES/NO	NO	YES/NO

GREATER THAN 250 ACRES

SCHOOL SITES	NO	NO	YES/??	NO	NO	YES/??
SCHOOL CONSTR	NO	NO	YES/NO	NO	NO	YES/NO

COMMERCIAL FACILITIES :

LESS THAN 50 ACRES

NEIGH. COMM/SERV.	YES/NO	NO	NO	NO	YES/NO	NO
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50 - 250 ACRES

NEIGH. COMM/SERV.	YES/NO	NO	NO	NO	YES/NO	NO
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GREATER THAN 250 ACRES

NEIGH. COMM/SERV.	YES/??	NO	NO	NO	YES/??	NO
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**EXHIBIT TWO:
APPROXIMATE CAPITAL FACILITY COSTS PER DWELLING UNIT BY
FACILITY AND DEVELOPMENT SCALE**

CAPITAL FACILITY TYPE	LESS THAN 50 ACRES		50 -250 ACRES		GREATER THAN 250 ACRES		ROADS :	
	LOW	HIGH	LOW	HIGH	LOW	HIGH		
RESIDENTIAL STREETS		2800	4500		2800	4500	2800	4500
COLLECTOR STREETS		0	0		600	1200	600	1200
ARTERIAL STREETS		0	0		0	0	1000	2300
SUBTOTAL:		2800	4500		3400	5700	4400	8000
DRAINAGE:								
ONSITE/OFFSITE		800	1200		800	1200	800	1200
BASIN WATER QUALITY		0	0		0	0	600	800
SUBTOTAL:		800	1200		800	1200	1400	2000
SANITARY SEWERS:								
RESIDENTIAL COLLECTORS	1000		1500		1000	1500	1000	1500
TRUNKS/PUMP STNS.		0	0		750	1200	750	1200
WASTEWATER TREATMENT	0		0		0	0	1500	2500
SUBTOTAL:		1000	1500		1750	2700	3250	5200
WATER SUPPLY AND DISTRIBUTION:								

RESIDENT. DISTR.	2000	2800	2000	2800	2000	2800
TRUNKS/STOR./PMPS.	0	0	1000	2200	1000	2200
WATER SUPPLY	0	0	0	0	300	1100
SUBTOTAL:	2000	2800	3000	5000	3300	6100

PARK DEVELOPMENT:

LAND	0	0	800	1500	800	1500
DEVELOPED PARKS	0	0	0	400	4000	
RECREATION PGMS.	0	0	0	0	0	0
SUBTOTAL:	0	0	800	1500	1200	5500

OTHER COMMUNITY FACILITIES:

POLICE/FIRE/MUNICIPAL	0	0	0	0	0	300
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SCHOOLS:

LAND	0	0	0	700	0	700
SCHOOL CONSTRUCTION	0	0	0	0	0	6000
SUBTOTAL:	0	0	0	700	0	6700

TOTALS: **6600 10000 9750 16800 13550 33800**

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NOTES: ASSUMES RESIDENTIAL DENSITY AS 4 - 5 DWELLING UNITS PER GROSS ACRE.
SOURCE: MURRAY SMITH ENGINEERING, WRIGHT ENGINEERING, KITTLESON TRAFFIC ENGINEERS, MEANS CONSTRUCTION INDEX,
MULTNOMAH COUNTY FARM STUDY, REAL ESTATE RESEARCH CORPORATION'S "COST OF SPRAWL".

Figure One depicts the change in community capital costs with the increase in development scale.

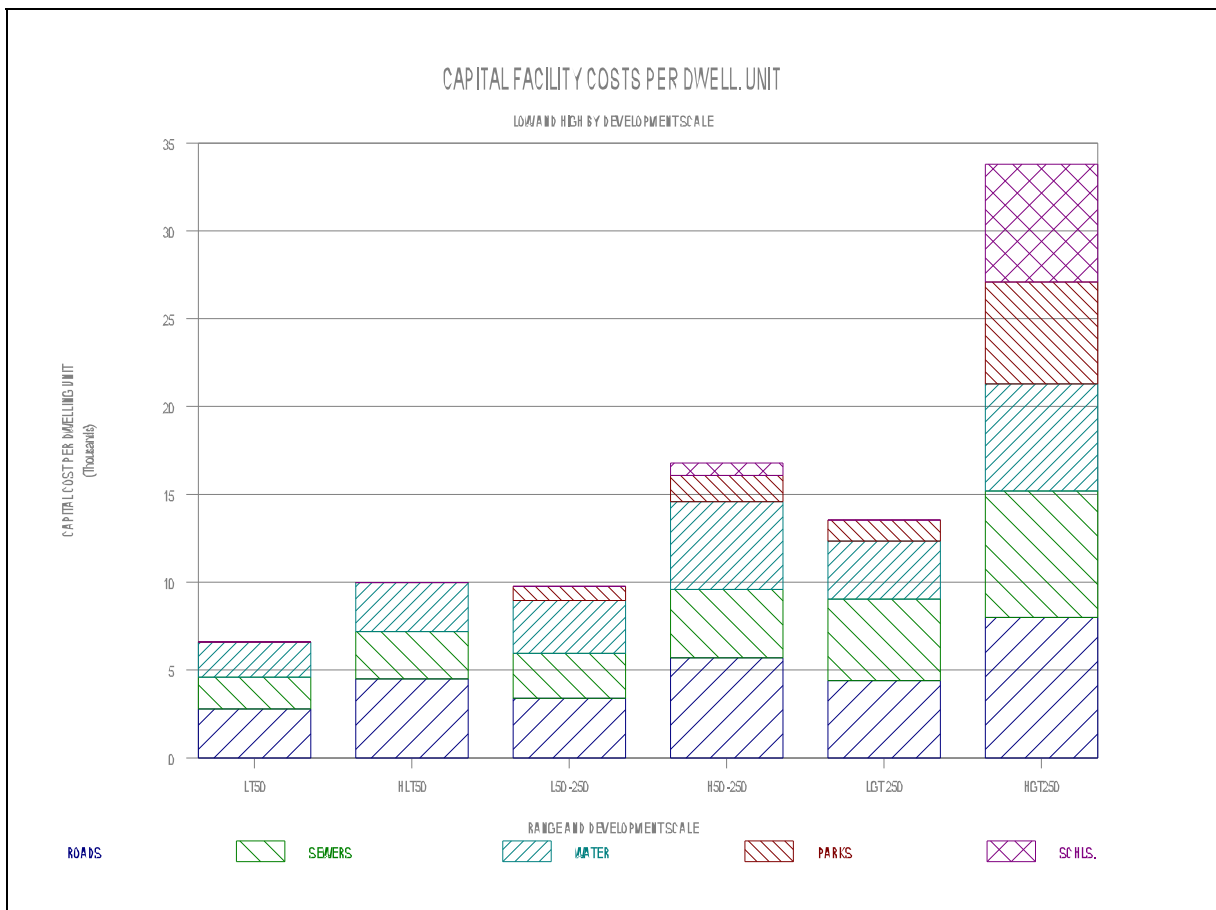


Figure 1: Community capital costs for development increase as the size of the development increases. Small developments seldom recover full community costs thereby undersupplying community level capital services.

Capital Services Narrative Outline

- I. Capital Services for developments of less than 50 acres. Typically these are the on site infrastructure requirements associated with most developments inside present UGB areas. Depending on circumstances some administering jurisdictions may require more services be considered and provided while other jurisdictions may require less.
 - A. Road services. These are limited to the residential streets within the proposed development and may involve some consideration of a connection to an adjoining arterial or collector street. Typical design standards specify a design speed of 25 mph, total width of at least 24 feet and sidewalks on either side of street as well as street lighting. Unit costs of such facilities not including land, government administration or short term financing run between \$92 and \$145 per lineal ft. depending on exact standards, topography and drainage conditions. Depending on density and layout local road service costs run from \$2800 to 4500 per D. U. Including requisite arterials, collectors and traffic aids in the bill adds another \$1900 - 3500. So total road facilities if charged for could run as high as \$8000 per D. U.

1. Revenue. Construction cost for residential street services is usually financed by the private lot developer. In some cases construction costs may be financed via a LID Bancroft Bond, the debt service of which is repaid by assessment collected from developed lots.
 - a. Funding procedures are usually the same between cities and unincorporated areas. In some jurisdictions debt restrictions, lack of fiscal authority or administrative expertise may hamper public financing.
 2. Mass transit. Not included.
- B. Drainage services. These are the storm drainage facilities which may or may not be part of a comprehensive, drainage basin wide program to ameliorate the environmental effects of storm water runoff from urbanized areas. Standards vary from jurisdiction to jurisdiction; with most requiring a combination of sumps/and or inlets and storm drains leading to natural drainage basins or an off site treatment facility. Though environmental protection standards are being increased, at present most jurisdictions rely on a combination of sumps and diversions via drainage pipe into natural drainage ways. In residential subdivisions typical costs for inlets, sumps and drainage pipe are roughly \$ 20 - 30 per lineal ft. of residential street, amounting to roughly \$800 - 1200 per D. U. These costs presume that storm water is returned to the ground via sumps are dumped into adjacent natural drainage ways. Providing land for drainage can add another \$600 - 800 per D. U. No treatment is assumed.
1. Revenue. In residential subdivisions the developer pays or the construction costs are financed as above. Presently there is no consistent mechanism for financing and debt service on land and construction costs associated with storm water runoff beyond the developed site. Larger jurisdictions usually include a factor for such costs in determining the monthly sanitary sewer service charge.
 - a. No difference between cities and unincorporated areas.
- C. Sanitary sewers. These facilities include the sewer pipe necessary to serve individual lots within a proposed development. In some cases the facilities may include a fee for connecting into existing trunk lines and a fee for use of capacity of the wastewater treatment facility. Where needed, the facilities may include pressure lines and pump stations for pumping sewage. Unit costs have a wide range depending on subsurface conditions, topography and the extent to which a particular jurisdiction has a policy of recovering offsite costs such as trunk lines and waste treatment capacity. Gravity systems within a residential subdivision amount to roughly \$1000 - 1500 per D. U. Offsite trunk lines add another \$750 - 1200 per D. U. and payment for treatment capacity adds \$1500 - 2500 per D. U. Private costs of extending the sewer line to the residence and hooking in to the plumbing system can add another \$2000 to the cost. Total sewer costs on a D. U. basis amount to \$5250 - 7200 per D. U. if all necessary facilities are charged to development. Not charging for treatment capacity and off site facilities reduces costs to \$3000 - 3500 per D. U.
1. Revenue. Construction costs are covered as above for the facilities inside the development.

- a. No difference between cities and unincorporated.
- D. Water supply and distribution. These facilities in a typical residential subdivision include the water lines in residential streets, fire hydrants, connections to individual property lines and water meters. Water storage, water pumping stations, trunk lines and water supply facilities are rarely if ever directly included. Like sanitary sewers unit costs for water facilities vary considerably depending on topography, subsurface conditions and the degree to which the jurisdiction attempts to capture all water facility costs from initial development. On site residential costs (lines, meters and lot connections) average about \$2000 - 2800 per D. U. depending on density configuration. Major distribution and storage facilities can add another \$1000 - 2200 per D. U. depending on topography and existing capacity. Supply capacity, if charged for, can run from \$300 to as high \$1100 per D. U. (in N. W. metro areas) and private plumbing hook up can add another \$500 - 1000. Consequently total costs can amount to a range from \$3800 to \$7100, given the rare instance where total system costs are charged directly to development.
 - 1. Revenue. Facilities inside the subdivision are paid for as above.
 - a. No difference between cities and unincorporated.
- E. Parks. Beyond the donation of land for a neighborhood park site, park development seldom if ever occurs in the context of a development of less than 50 acres. Park size standards vary widely between jurisdictions. Portland provides 1 acre of development park for every 90 persons. West Linn provides 1 acres for every 166 residents. Most urban unincorporated areas provide no developed park service; relying instead on State Parks and parks in adjacent cities. Park development standards and associated costs also vary widely; ranging from lawn and minor landscaping to full landscaping, athletic fields, tennis courts and community centers. Associated costs for park development range from \$25000 to \$500000 per acre depending on development intensity and the degree of volunteer materials and labor involved in development.
 - 1. Revenue. No consistent practice. In the cases where parks are included at this scale the developer usually donates the land.
 - a. In cities a park funding mechanism of some sort usually exists. In unincorporated areas without a Park and Recreation Service District no service provision mechanism exists.
- F. Other community facilities. These are principally fire stations, police stations and municipal offices. In the context of a less than 50 acre subdivision they are never included. Standards for police stations and municipal offices are not relevant. Fire Station location standards (to maintain a specific expected maximum response time) vary inversely with size and are further adjusted for physical layout of service area. National rule of thumb standards are 1 station per 10000 people. City of Portland (service population 528,000) uses 1 station per 16000, while the City of West Linn (service area population 17,000) has 1 station per 3500; reflecting its dispersed layout. Fire station/police station costs run about \$70 - 80 per sq. ft.
 - 1. Revenue. These facilities are provided by the responsible jurisdiction using general revenues and a variety of financing mechanisms; but most often a G. O. Bond issue

and associated property tax levy.

- a. Cities have a somewhat wider choice of financing and debt service revenue sources than do Counties and Service Districts.

G. Commercial facilities. Not included. These include such facilities as grocery stores and other facilities that cater to convenience shopping and other high trip frequency activities.

H. Public schools: Like other community facilities, schools are not considered in developments of under 50 acres. Moreover, within Oregon school facilities are not included regardless of development scale. Most all residential development will add some student demand. Whether the increase in student demand produces a fiscal impact, depends on the capacity conditions of the affected school district. School districts in older developed urban areas typically have excess capacity while districts in rapidly growing areas have no capacity. Up to the present new development has not been expected to pay for additional school facilities. Capital costs for new school facilities average about \$10000 per pupil (does not include classroom equipment or land). Using age - cohort population analysis, a predominately single family residential development will require a school expansion of roughly .5 students per D. U. ; thereby yielding a capital cost of \$5000 per D. U. This result holds only for rapidly growing suburban districts with no excess capacity.

1. Revenue. These facilities are paid for via property tax levies spread over the entire school district. Generally, a G. O. Bond issue is used to finance the construction (subject to voter approval) and an associated property tax levy pays off the debt service.

- a. No difference between cities and unincorp.

II. Capital facilities for development of 50 - 250 acres. Moving from the individual subdivision to the "neighborhood" level requires consideration of a wider array of capital services than do developments of less than 50 acres. In addition to the capital facilities typically included in smaller proposals we need consider the following:

A. Road services: Neighborhood collector streets and traffic control with connection to arterial street or streets along with assessment of traffic impacts on existing development and street system. Typical neighborhood collector standards are 30 mph, 2 15 ft. lanes with sidewalks and/or bike lane. Costs run about \$150 - 300 per lineal ft. depending on topography and exact design standards. Including facilities at this scale level adds about \$750 - 1500 per D. U. to development costs.

1. Revenue. No consistent financing mechanism. Some jurisdictions will require Systems Development Charge for off site expenses. Some jurisdictions may require developer to finance and pay. Some jurisdictions may upgrade existing roads from general road revenues; other jurisdictions may use property tax levies (either serial or G. O. bond). In development pays options LIDs or Tax Increment Districts are usually used to provide public financing and debt service.

- a. Generally Counties have more general road resources than do cities and may

be more likely to upgrade existing facilities out of general revenues.

- B. Mass transit. At this level some consideration may be given to transit access and station and transfer points and road and traffic controls may be specifically designed to promote transit use. No cost estimate is given.
 - 1. Revenue. No mechanism exists. Jurisdictions may require developer to pay for certain transit related construction costs. This does occur in conjunction with large commercial developments.
 - a. No difference between cities and unincorp. Transit service districts generally cover both areas and administer transit construction needs.
- C. Drainage facilities. Development would likely require collector trunk lines and provision for runoff to go to drainageways, impoundments or sewage treatment. Collector trunk lines cost roughly \$50 - 100 per lineal ft. depending on diameter, topography and soil conditions. Set asides of land for natural drainageways or impoundments require additional area of roughly 500 - 2500 sq. ft. per gross developed acre. Alternatively, storm water can be treated in a wastewater plant, the same as sewage. Providing, sewage treatment plant capacity for peak storm water inflow is prohibitively expensive and not considered in this exercise.
 - 1. Revenue. No consistent mechanism exists. Designated Water Quality Authorities may include a "surcharge" in the sanitary sewer bill to deal with runoff. Some jurisdictions may require developer to pay costs in the same manner as residentially based facilities. Other jurisdictions use SDCs for off site expenses. In some instances, costs become the responsibility of County road fund ditch maintenance.
 - a. Jurisdiction response to new water quality requirements not well established, so it is difficult to tell if cities and unincorporated areas differ.
- D. Sanitary sewer facilities. Besides facilities noted previously, developments in this range would include trunk lines and pump stations if required. Whether the development would pay for wastewater treatment capacity, depends on the jurisdictional arrangement (ie. whether the administering jurisdiction runs the treatment plant or has a contractual agreement to compensate for use of plant capacity), the policy of the administering jurisdiction, and the excess capacity and fiscal situation of the affected providers at the time of the development proposal.
 - 1. Revenue. Development may pay a development fee (SDC) for offsite expense and capacity use. Onsite expenses may be paid for directly by developer or financed with LID/Bancroft Bond process. Other jurisdictions finance part of this level of improvements through monthly service charges or G. O. Bond issues paid with a property tax levy.
 - a. No difference between cities and unincorp.
- E. Water supply and distribution. At the intermediate scale trunk lines would likely be included. However, payments for supply capacity and storage would depend on jurisdiction a policy and

in the case of multiple providers, intergovernmental agreements and relationships.

1. Revenue. Major facilities onsite are usually paid for as part of development (or LID/Bancroft). Offsite improvements are paid for with SDCs. Some jurisdictions provide financing and supply requisite facilities. Debt service is then recovered in monthly service charges (Portland Water Bureau). Other jurisdictions may use G. O. Bonds in conjunction with property tax to finance these improvements.
 - a. No systematic difference between cities and unincorp.
 - F. Neighborhood parks. In many communities a development at this size level would raise the issue of park facilities provided the reviewing jurisdiction provided parks as part of its municipal services.
 1. Revenue. Developer may bear land cost. Park development would be financed with the jurisdiction's general revenues or by a special levy or G. O. Bond issue.
 - a. Cities would typically provide this service. Development in the unincorporated area outside a park and recreation district would not include the service.
 - G. Other community facilities. Additional community facilities would not likely be required at this scale level.
 - H. Commercial facilities. Some consideration of commercial facilities may be made at the high end of the range. However, this would depend on the policy of the administering jurisdiction. (For instance, many cities have a policy of supporting existing commercial areas (downtowns) without regard to convenience shopping needs and opportunistic commercial development occurring on arterials beyond their jurisdiction.)
 - I. Schools. At the high end of the range impact on school capacity may be addressed but only if administering jurisdiction incorporates such procedures into its development review process.
 1. Revenue. As above.
- III. Developments of greater than 250 acres. Though rare in Oregon, some areas of the country deal with community scale development proposals that may exceed 1000 acres. When considered as a unit, such proposals engender consideration of community services seldom addressed in development proposals of smaller scale. In this context we need keep in mind that twenty 50 acre developments should produce the same array of community facilities and services that one 1000 acre development would.
- A. Road services. In addition to residential streets and collectors, arterials and major traffic interchanges must be considered. Arterial streets typically have a design speed of 35 mph or higher and consist of 2 to 5 lanes depending on traffic loads. In developments of this scale several traffic interchanges with traffic signals are required at a cost of roughly \$100,000 per interchange. Besides sidewalks, bike lanes/pedestrian ways may also be considered depending on standards and priorities of the administering jurisdiction. Costs depending on facility

configuration, topography, etc run from \$300 - 450 per lineal ft.

1. Revenue. As above.
- B. Mass transit. In communities where mass transit is offered, development at this scale would entail provision for a transit route, bus turnouts (if applicable) and possibly allocation of space for park and ride facilities and/or transfer stations.
 1. Revenue. As above.
- C. Drainage facilities. Requirements would be the same as for an intermediate scale development. However, in a development of this size there would be a greater likelihood that they be addressed and included in the initial development.
 1. Revenue. As above.
- D. Sewage facilities. Development would require all facilities from residential sewers to wastewater treatment capacity.
 1. Revenue. As above.
- E. Water supply and storage. Development would include all facilities including water supply and storage.
 1. Revenue. As above.
- F. Parks. Would include neighborhood and perhaps a community size park and recreation facility depending on the standards of the administering jurisdiction.
 1. Revenue. As above.
- G. Other community facilities. Developments of this size might require construction of a community recreation center, an additional fire station or an additional police patrol precinct depending on community standards and use of existing facilities. Library facilities also may be required for jurisdictions providing that service.
 1. Revenue. Costs for these facilities would be paid out of the jurisdiction's general revenues or financed via a G. O. Bond issue repaid via a property tax, a LID, an Economic Improvement District or a Tax Increment District.
 - a. Cities have a wide variety of approaches that are not normally available to unincorporated areas.
- H. Commercial facilities. Developments of this scale require the provision of at least some convenience shopping and perhaps eating and drinking facilities. As the size increases additional commercial facilities including services and general merchandise would be merited.
- I. Schools. Additional school capacity is most likely required. Only in the unlikely case where

the impacted School District has a large surplus capacity and development occurs very slowly will the addition of classrooms and perhaps new schools be avoided.

1. Revenue. Same as noted above.

Summary of Capital Findings

The above outline provides a description of the hierarchy of community facilities that must be built as the scale of development increases. Several important concepts and hypotheses with regard to development are implicit in this hierarchy. These can be enumerated as follows:

1. Small incremental development proposals will not automatically provide the full range of capital facilities required for a complete community.
2. The degree to which small scale development satisfies community capital requirements depends on the administering jurisdiction and its relationship with other jurisdictions providing all or part of a community service.
3. As the scale of development increases from less than 50 acres to greater than 250 acres, the likelihood increases that multiple jurisdictions will provide all or part of community capital facilities.
4. Cost per D. U. built increases from \$6600 - \$10000 at the incremental scale to \$12650 - \$21300 at the community scale. These costs do not include the cost of parks, community facilities and schools which typically are provided after development has occurred.
5. Moving from the small scale to the community scale, revenue generating and financing mechanisms for community facilities become more complex, more heterogeneous from area to area and more likely to be discontinuous for any particular community facility.
6. Due to the heterogeneity of fiscal systems, government organizations, government development policies, and administrative responsibility for delivering community level capital facilities, it is unlikely that community capital facilities will be identified, financed and built as required.
7. Developers have a substantial cost savings incentive to develop in small increments thereby minimizing the chances of being required to pay for neighborhood and community level services from development proceeds.

In conclusion, the above collection of findings and hypotheses stimulates a some tentative conclusions to be scrutinized as part of the case studies. One, we would expect that in rapidly developing areas neighborhood and community services would be undersupplied and those that exist over capacity. Two, we would expect that many community services are provided retroactively by all the jurisdiction's taxpayers via G. O. bond levies, serial levies or not provided at all. Three, we would expect development facility provision and financing policies to vary from jurisdiction to jurisdiction depending on jurisdiction size, service scope and policies. Finally, we would expect development inefficiency caused by the resultant development price distortion. Areas expensive to develop will oftentimes be underpriced, while areas efficient to develop will have no services or appear to have high development costs in comparison to areas not providing neighborhood and community level facilities.

B. OPERATING SERVICES

Operating services consist of the maintenance and operation of the capital facilities that are built in conjunction with a particular development and the operating services such as police, fire, and planning that the development stimulates a demand for. Like capital facilities apparent operating service costs vary inversely with scale of development. Small scale development particularly within the boundaries of a larger municipality will have little or no measurable marginal operating cost. However, as the scale of development increases, operating costs increase in a series of stair steps. At some level of development a new fire station will need be added, a new maintenance crew or a new police patrol district established. Consequently, small incremental development proposals generate little thought about changes in operating services while large development proposal generally cause concern about the impact on operating requirements.

Unlike capital facilities, operating services have no explicit linkage between service cost and service revenue. The revenues raised to support operating services are embedded in the revenue systems of the jurisdictions responsible for delivering the services and not explicitly connected to development. For instance, development occurring within a school district increases demand for education but other than State per pupil aid (25% - 30% of total per pupil operating cost) operating revenues do not increase. Likewise development occurring within a city does not increase property tax receipts.

Consequently, for operating cost increases by scale of development we must enumerate those operating revenues that would be affected for each service. Furthermore, we must differentiate operating revenues in terms of the type of local jurisdiction commonly providing the service.

The outline below deals with operating services by scale of development. Unlike capital facilities it is subdivided by development occurring within a municipality and development occurring in an unincorporated area. This recognizes the considerable difference between operating revenue structures in special districts as opposed to cities. Exhibits Three and Four summarize the outline data.

Exhibit Three is similar to Exhibit One but deals with operating services rather than capital facility provision. The most significant aspect of Exhibit One is that it underscores the multiplicity of governmental jurisdictions that may provide operating services to developing areas both inside and outside of cities. For instance, inside city limit our survey data indicate that only for sewer and water maintenance and planning/general control do cities consistently provide the service. (We know of partial cases where they do not do sewer and water maintenance.) The same holds true for development outside cities. Only in the case of planning/general control do counties usually perform the service. (Here to, they may by agreement contract with cities.) The approaches to operating service provision are diverse and reflect the geographic, economic and institutional milieu of particular developing areas. In Section Four, devoted to Special District operations, we describe how many of these relationships work to provide effective responses to growth management problems.

Exhibit Four underscores the diversity of authority and resultant revenue sources to support local government operations. Without itemizing the details in Exhibit Four we can state that the results of Exhibit Four bode ill for Oregon growth management. On the one hand, there is no relation between many sources of revenue and the operating requirements of governments receiving them. This is particularly true of counties which receive general revenues (property taxes, National Forest Receipts, O & C Receipts, State Motor Vehicle Fees) that originate with all county residents and use all or part of them to fund services exclusively available in unincorporated areas. As we note in the case study Section, Santa Clara - River road and West Medford

development was stimulated by County Road building. (East Multnomah County is another example.)

Additionally from Exhibit Four we note that Special Districts are limited to fees or the property tax; more general economic growth related revenue sources are denied them. For business and excise taxes (ie gas tax) this promotes distortion of location decisions on the part of businesses to avoid such taxes. Furthermore, such fragmented authority makes it difficult or impossible for other jurisdictions with the authority to use it. Consequently, small and medium sized cities and even many home rule counties cannot capture part of the value of economic growth to offset service costs. They then become overly dependent on the property tax, which is insensitive to economic growth. We document such a situation for West Linn in regard to the Tanner Creek case study, where community scale development despite low marginal operating costs will not pay for itself.

**EXHIBIT THREE:
INVENTORY OF OPERATING SERVICES BY GOVERNMENT
JURISDICTION AND PROVISION REQUIREMENT**

SERVICE BY TYPE:	DEVELOPMENT INSIDE CITY			DEVELOPMENT OUTSIDE CITY OPERATING		
	CTY	CNTY	DSTRCT	CTY	CNTY	DSTRCT
ROAD MAINTENANCE	YES	YES	NO	NO	YES	YES
SEWER AND WATER MAINTENANCE/OPERATIONS	YES	NO	NO	YES	NO	YES
STORM DRAIN MAINT. YES	YES	NO		NO	YES	YES
PARK/COMM. FAC. MAINT.	YES	NO	YES	NO	YES	YES
POLICE PATROL	YES	YES	NO	YES	YES	YES
FIRE/EMERG. RESPONSE	YES	NO	YES	YES	NO	YES
PLANNING/GEN CONTROL	YES	NO	NO	NO	YES	NO
SCHOOL OPERATIONS	NO	NO	YES	NO	NO	YES

**EXHIBIT FOUR:
INVENTORY OF MUNICIPAL OPERATING SERVICE REVENUE
SOURCES BY GOVERNMENT JURISDICTION AND PROVISION
REQUIREMENT PER CAPITA BASIS: RANGE LOW TO HIGH
PORTLAND METRO AREA 89 - 90**

OPERATING SERVICE BY TYPE	CTY	CNTY	DSTRCT
ROAD MAINTENANCE:			
STATE AID	35	55	0
COUNTY ROAD FUND SHARE	5 - 23	NA	0
COUNTY GAS TAX	NA	5 - 14	0
NATIONAL FOREST SHARE	0	1 - 33	0
PROPERTY TAX	0 - 20	0 - 38	15 - 40
UTILITY FEES	0 - 8	0	0
TOTALS:	40 - 86	61 - 140	15 - 40

**SEWER/DRAINAGE/WATER
MAINTENANCE/OPERATIONS:**

FEES/CHARGES	108 - 146	NA	140 - 179
PROPERTY TAX (NON G.O. DEBT)	0	NA	0
TOTALS:	108 - 146	NA	140 - 179

PARKS/COMMUNITY FACILITIES

MAINTENANCE/OPERATIONS:

PROPERTY TAXES	11 - 20	.30 - .80	28	
BUSINESS LICENSE	0 - 4	0 - .20	0	
UTILITY FEES	2 - 5	0	0	
STATE AID	.5 - 1.75	0	0	
FEES/CHARGES	.9 - 7	.20 - 1.13		
O & C REV.	0	0	.0 - .20	0
LODGING/OTHER EXCISE	0 - 1.30	0 - .20	0	

TOTALS: 14.40 - 39.05 .50 - 2.40 41

POLICE PATROL:

PROPERTY TAX	59 - 104	71 - 80	NA	
BUSINESS LICENSE	.5 - 13	0 - 15	NA	
UTILITY FEES	9 - 17	0	NA	
STATE AID	5 - 8	0 - 2	NA	
O & C REV.	0	0	0 - 2	NA
LODGING/OTHER EXCISE	0 - 3.50	0 - 2	NA	

TOTALS: 68.50 - 144.50 71 - 101 NA

FIRE/EMERGENCY RESPONSE:

PROPERTY TAX		32 - 71	NA	105
BUSINESS LICENSE	.25 - 8	NA	0	
UTILITY FEES		5 - 10	NA	0
STATE AID	2.75 - 5	NA	NA	0
O & C REV.	0	0	NA	0
LODGING/OTHER EXCISE	0 - 2	NA	0	

TOTALS: 40 - 96 NA 105

PLANNING/BUILDING:

PROPERTY TAX	3.80 - 5.1	42.54	NA	
BUSINESS LICENSE	.05 - 1.06	0	NA	
UTILITY FEES	1 - 1.50	0	NA	
STATE AID	.41 - .50	.15	NA	
O & C REV.	0	0	1.51	NA
LODGING/OTHER EXCISE	0 - .29	0	NA	

TOTALS: 5.26 - 8.49 4.20 NA

=====NOTES: LISTING DOES NOT INCLUDE 100% OF THE REVENUE SOURCES. FOR INSTANCE, FEES/CHARGES FOR NONUTILITY SERVICES ARE OMITTED. ALSO PROPERTY TAXES TO SUPPORT BONDED DEBT ARE OMITTED. BEGINNING BALANCE, INTEREST EARNED, CONTRACTS, ETC. ARE LIKEWISE OMITTED. THE RANGES SHOWN ARE INTENDED TO REPRESENT A REASONABLE "LOW AND HIGH", NOT THE EXTREMES OF THE RANGE.

BUDGETS CONSULTED: CITY OF PORTLAND, CITY OF GRESHAM, CITY OF WEST LINN, MULTNOMAH COUNTY, CLACKAMAS COUNTY, WASHINGTON COUNTY, UNIFIED SEWAGE AGENCY, WOLF CREEK WATER DISTRICT, ROCKWOOD WATER DISTRICT, TUALATIN VALLEY FIRE AND RESCUE DISTRICT, TUALATIN HILLS PARK AND RECREATION DISTRICT SKYLINE CREST ROAD DISTRICT, RAMSEY-WALMER ROAD DISTRICT.

Operation Services Narrative Outline

- IV. Development of less than 50 acres - Cities.
- A. Road maintenance - cities. Not generally accounted for. Major cost of street maintenance is for road repaving which may not occur for 20 years. Periodic maintenance such as street cleaning, striping, and minor patching generally adds no measurable work increase for existing crews. Street lighting power and maintenance costs are not negligible but are seldom considered in development increments of this size.
1. Revenue. Revenue for street maintenance comes from the State Motor Vehicle Fund with the City share (12%) allocated between cities on a per capita basis which is presently \$40 per capita. Some cities share additional revenue from locally imposed County gas taxes. Portland receives an additional \$23 per capita from Multnomah County. Washington County cities likewise share in the Washington County gas tax. Also some cities such as West Linn (a dedicated serial levy) use the property tax to partially fund street maintenance and related services.
- B. Sewer and water maintenance and operations - cities. Not generally accounted for. As for road maintenance the short term marginal cost for developments of this size is negligible.
1. Revenue. Revenue comes from periodic (monthly to quarterly) sewer and water billings usually set at a rate to recover operating and maintenance costs including replacement of existing facilities (not in all cases). In some jurisdictions, notably the City of Portland, water rates and part of the sewer rate includes payment for debt service for financing major system improvements which in other jurisdictions would be financed by development via special assessments or SDC's.
- C. Storm drainage maintenance - cities. Not accounted for at this scale. Normally done by combination of road and/or sewer maintenance crews.
1. Revenue. No explicit operating revenue source exists for storm drainage maintenance at any development scale. Usually it is paid from a combination of road and sewer resources. Some jurisdictions such as Portland include a specific "run off" fee as part of the monthly sewer bill.
- D. Park and other community facility maintenance - cities. Not generally accounted for at this scale.
1. Revenue. Some level of revenue is provided automatically as these operating services are usually paid from City General Funds. Growth in population, assessed value and economic activity associated with the development will provide some increase in General Funds depending on the revenue structure of the particular municipal jurisdiction.
- E. Police patrol/public safety - cities. Seldom accounted for at this level for residential development. Most police patrol districts can be marginally increased without reducing response time. For instance the maximum expected distance added by a 50 acre residential

development would be 1/4 mile.

1. Revenue. Same as for park and community facility maintenance. Public safety is paid from City General Funds; so some level of revenue increase is automatic.
- F. Fire suppression/emergency response - cities. Not accounted for at this level. Same comments apply as for public safety.
1. Revenue. Same as for public safety. Paid for by City General Funds.
- G. Planning/general control - cities. Not accounted for at this level. Same as above.
1. Revenue. Same as above.
- H. Schools - cities. Seldom accounted for at this level. K-12 school services are provided by school districts which are normally not included in the development decision making process.
1. Revenue. School districts depend on property taxes for about 60% of their operating requirements and on State per pupil aid for 30% (10% is miscellaneous). Beyond the 6% increase of the tax base no increase in property tax revenue can be had without a vote of the people regardless of level of development. Consequently, unless schools go to the voters it is likely only 30% of the increased cost (given there is no excess capacity) of providing education will be funded for a given development.
- V. Development of under 50 acres - Unincorporated.
- A. Road maintenance - unincorporated. Not considered. In unincorporated areas most road maintenance is performed by County Road Fund crews. (A few special road maintenance districts exist but are insignificant in regard to coverage or actual outlays.)
1. Revenue. County Road Fund revenue comes from State Motor Vehicle Fees (20% of the total) and is apportioned to the Counties on the basis of vehicle registrations. In addition 25% of National Forest gross receipts occurring in subject counties are dedicated to the County Road Funds. Additionally, some counties such as Multnomah and Washington collect gas taxes and share those proceeds with cities.
 - a. For purposes of comparison Clackamas County receives \$51 per capita (unincorp. population) from State Motor Vehicle Fees and \$32 per capita from Mt. Hood Nation Forest receipts for a total of \$83 per capita for maintaining roads within the County's jurisdiction. Clackamas County levies no gas tax or shares revenue with local jurisdictions.
- B. Sewer and water operation and maintenance - Unincorp. Not considered at this level with some exceptions enumerated below. These services are provided by a variety of special districts depending on the service, the jurisdictional complexity (i. e. whether cities are part of the system), and historical accident. In some limited instances, cities may provide limited service on an extraterritorial basis. In cases where cities provide an extraterritorial extension, the fiscal impact and political impact on future annexation procedures is usually considered.

1. Revenue. Sewer and water special districts collect monthly service fees from their direct customers in the same fashion usually as cities do. Their revenue authority is limited to fees and charges but they may have access to the property tax for both operating and capital financing with a vote of the people. I am not aware of any special districts using the property tax for operating purposes but they do have G. O. bond levies.
- C. Drainage maintenance - unincorp. Not considered at this scale. Depending on the density of development, drainage maintenance will be performed by County road crews and sometimes by Service District sewer maintenance crews.
1. Revenue. No specific revenue is collected for drainage maintenance by Counties. Sewer districts can include the cost of drainage maintenance as part of their water quality responsibility.
- D. Park and community facility maintenance - unincorp. Normally not considered. In the rare event the development proposal contains a park site and the development is within a Park and Recreation District, ownership and maintenance of the facility would be addressed. However, such an occurrence would be very rare. Most commonly the County is the responsible jurisdiction and Counties seldom have a comprehensive policy of neighborhood park provision and maintenance. Few counties provide anything but regional/community parks at a few locations usually in rural areas outside the UGB.
1. Revenue. Parks and Recreation Districts can levy property taxes with a vote of the people (either tax base or serial levies) to provide park services. Counties can use general county revenue to build and operate parks.
- E. Police patrol/public safety - unincorp. Not considered at this level. Police patrol is provided by the County Sheriff in unincorporated areas. In some special circumstances such as a detached development in a remote rural area the Sheriff's office would be involved in evaluating how to service the development.
1. Revenue. County Sheriff service is funded from County general revenues which include property taxes and various license and business fees as well as some intergovernmental sources such as O&C payments (very substantial amounts in many Oregon Counties) and State alcohol and cigarette tax sharing. Some Counties such as Washington County have a specific zone of benefit property tax levy in the unincorporated area to provide Sheriff's patrol to the unincorporated area.
- F. Fire protection/emergency response - unincorp. Not considered unless fire service is provided via contract by another jurisdiction such as an adjoining city. In that instance, the additional workload may generate a contract adjustment. In most instances, fire services are provided via a special district or by a consolidated fire department composed of cities and special districts operating as one unit.
1. Revenue. Fire districts are limited to the property tax to pay for operations. In the

case of consolidated departments with cities, cities can use any of their general revenues to pay their share but unincorporated areas are limited to the property tax.

- G. Planning/general control - unincorp. Not considered. Service is provided by the County.
 - 1. Revenue. The County can use its general resources and fees and charges to fund these services.
 - H. Schools - unincorp. Not considered. The same comments apply as for development within cities.
- VI. Development of 50 - 250 acres. For this stage of the outline we have combined incorporated and unincorporated since jurisdiction and revenue do not change with development scale. However, as scale increases the jurisdictional relationships become more complex and the need to coordinate among various jurisdictions becomes more important.
- A. Road maintenance
 - 1. Incorporated areas probably would need to account for the increased workload.
 - 2. Unincorporated areas. For county road crews the increase in workload would be proportionally less than in cities, so the impact would be less noticeable.
 - 3. Revenues are as previously noted.
 - B. Sewer and water maintenance
 - 1. In incorporated areas it depends on the size of the jurisdiction. Usually development of this size constitutes a significant increase in billing and maintenance workload.
 - 2. In unincorporated areas service districts would be noticeably impacted by this size of development. However, the ability of service districts to participate in development decisionmaking varies depending on their intergovernmental relationship with the development administrative authority.
 - 3. Revenues do not change.
 - C. Drainage maintenance
 - 1. Same comments as for sewer and water.
 - D. Park maintenance
 - 1. In incorporated areas development of this scale would require increased neighborhood park acreage and resultant increases in park maintenance and operation.
 - 2. With the exception of development in a Park and Recreation District, no increase would be noted.

3. Revenues are as before.
- E. Police patrol/public safety.
1. Incorporated areas development of 50 -250 acres would usually require additional services unless the jurisdiction were quite large. Some service expansion would be likely at the high end of the range.
 2. Unincorporated areas would likely require additional services the same as cities.
 3. Revenues as before.
- F. Fire protection/emergency services.
1. In large incorporated areas or in consolidated fire districts developments of this size can be served without additional expansion.
 2. In unincorporated areas with large or consolidated fire districts such development can be accommodated without additional services. In smaller jurisdictions some service expansion may be necessary.
 3. Revenues as before.
- G. Planning/general control
1. In incorporated areas not considered.
 2. In unincorporated areas not considered.
 3. Revenues are as above.
- H. Schools
1. In incorporated areas that are rapidly growing the impacts of development of this scale will likely be assessed. In large jurisdictions with excess capacity this will be of less concern.
 2. In unincorporated areas the response should be roughly the same as in cities.
 3. Revenues are as previously.
- VII. Development of greater than 250 acres. Development of this scale have measurable impacts and be scrutinized in regard to all operating services. There should be no difference between incorporated and unincorporated areas.

Summary of Operating Services

As was the case for capital services, the apparent need for increases in operating services varies directly with the scale of development. More often than not small incremental developments can be accommodated without an apparent increase in demand for operating services. Only in the case of rapidly growing jurisdictions already beyond community service capacity would this not be the case. Also we note that the relationship holds

for development in both incorporated and unincorporated areas. Significantly, development in smaller jurisdictions, whether cities or special districts, is likely to require additional services before development in larger jurisdictions. This simply reflects the fact that 50 acres is proportionally a lot more in a 500 acre jurisdiction than it is in a 5000 acre jurisdiction.

In conclusion, there is seldom an explicit link between the operating services required and the operating revenues generated to support them. Though we know that a development of a given size, will require a given amount of service, the operating revenues generated by the development may be far less or far more depending on the local government operating revenue system. Local government operating revenue systems depend in turn on State Law and local Charter and ordinance authority. Two identical developments located in different jurisdictions and requiring the same services may generate entirely different levels of operating revenues.

Related to the above finding is the considerable difference between the revenue systems of cities, counties and special districts. As the data in the outline and exhibits make clear a given service may be provided via several jurisdictional arrangements. It is also clear that this promotes some service provision distortions. For instance, many counties have more revenue available for roads than do cities but have no authority to provide directly for sewers water and fire. Counties also are able to provide public safety but generally use tax revenue from both the incorporated and unincorporated portions to provide service to only the unincorporated area. Special Districts can provide a number of services to the unincorporated areas but are limited to the property tax for general revenues unlike cities which have a more diverse general revenue base. Consequently, some developing areas may have good roads but no sewer or water; or have adequate police patrol but no parks, full time emergency response, or other community services.

SECTION TWO: JURISDICTIONS, LEGAL AUTHORITY, REVENUE AND DEBT AUTHORITY

Introduction:

The purpose of this task is to characterize and describe the overlapping and fragmented jurisdictional responsibility for supplying various capital and operating services necessary for appropriate urban development. We do this analytically, by identifying the numerous and frequently duplicative legal and governmental structures available to provide basic urban services. Having identified these multiple sources we can state that not one jurisdiction has exclusive choice and coordination responsibility for selecting a vehicle or vehicles for development of urbanizable land. In terms of land use planning that responsibility rests with counties, which can enter into an Urban Growth Management agreement with an affected city. In terms actual growth, the twin pillars of voters resistance to annexation and tax base limitations inherent in annexing undeveloped land, create a great disincentive for cities annexing undeveloped land in general. Into this breach fall a myriad of special districts, which in fact provide the bulk of services in unincorporated areas.

The 1968 Report of the Legislative Interim Committee on Local Government estimated nearly 1200 special districts providing noneducational services to Oregon. Despite attempts to eliminate some district and to create multiservice districts in 1982 there were still over 1000 such districts. As the 1982 Local Government CLE concludes: "Three quarters of a century of legislative tinkering with special district law left a crazy-quilt pattern of statutory authority with little symmetry." (p 2-27) While at some level of analysis the almost bewildering array of overlap may seem like an opportunity for creative responses to individual situations, in real terms it means that there is no clearly delineated responsibility for urbanization. Additionally, the complexity creates practical and political difficulties that frequently outweigh the benefits of so many options.

The reason for overlapping mechanisms and jurisdictions are not mysterious. Starting with the creation of irrigation and diking districts in 1895, the legislature has authorized 40 different types of special service districts. The early districts were typically intended to provide a single service in areas well outside the boundaries of incorporated cities. Effectively, over time, as communities faced different problems of how and who should provide capital and services, they invented methods suitable to their peculiar needs and adapted to their political reality. With suburban development number and types of districts grew and rarely was one of those types eliminated. Rather, they became modified or new ones created.

The legislative reforms of 1971 created some uniform procedures regulating establishment of districts, public hearing requirements, dissolution, petitioning rights, etc; however, it left gaps in areas of consolidation and simplification critical to our consideration such as purposes of the districts, as well as service and financing consolidation. "The 1971 legislation treated 24 kinds of districts, including both registered-voter districts and landowner-voter districts. The drafting of uniform provisions was based primarily on ORS Chapters 264 (water), 266 (park and recreation),

450 (sanitary), 478 (fire) and the California District Reorganization Act of 1965.¹

The County Service District (CSD) model, first introduced in 1955, has evolved, on paper, into a comprehensive tool. One experienced participant in the process of determining feasibility of districts described CSD as a "surrogate municipal corporation". In practice, however, it is used as yet another single purpose district. Its very comprehensiveness is perceived as a potential threat to urbanization through cities, because its potential ability to deliver almost every municipal service in the unincorporated areas could, if used that way, remove incentives to annex to an adjoining city. We have described County Service Districts at greater length in Appendix A.

Complicating the purely political dilemma associated with jurisdictional choice, each jurisdiction's ability or authority to provide financing tends to be limited in its own particular way. For example a jurisdiction may be able to issue revenue bonds, but not property tax based levy, or it may require voter approval for one debt instrument but not another, or it may have debt limitation based on percentage of assessed value, or have such a limit for one instrument but not another, or not having a power to create a tax base it may not be able to pledge its full faith and credit and obtain better payment terms for its debt. Throughout, we have identified these peculiarities, and their quirkiness will become self-evident.

We will identify district peculiarities as stated in authorizing statutes in summaries of principal acts. We will also identify financial tools available to each jurisdiction, leaving discussion of their suitability to other parts of the Urban Growth Management Study. Before we do so we should briefly touch upon fiscal structures also designated as "districts", which are used for financing purposes by most jurisdiction. These "districts" are so designated because they are limited to a designated area, a zone of benefit, but they differ from "special districts" in that they do not have their own government. Urban renewal areas, while primarily fiscal tools, have been listed in the "special district" category because of their own governing bodies.

1. Special Assessment Districts

To finance capital projects that directly benefit specific properties, local governments may consider the use of special assessments. Special assessments are specifically designed to recover part or all of the cost of an improvement that directly benefits an individual property based on formulas that relate the charge against a parcel of property to the services or benefits received.

For example, local governments can finance curbs and gutters in a residential neighborhood by allocating project costs to homeowners on the basis of street frontage. Usually, local governments give property owners the option of paying the assessment in a lump sum or pledging payments over time. If a significant number of property owners exercise the option to pay the assessment over time rather than in a lump sum, the local government may elect to borrow money to pay for the needed capital improvements and to use the special assessment revenues to repay the

¹ 1982 LOCAL GOVERNMENT CLE, p 2-27

loan or pay debt service. The obligations created may either be secured solely on the assessments or they may also carry the general obligation pledge of the government.

Special assessments are usually levied within special assessment districts or local improvement districts. Special assessment districts are not independent of the government that created them; they are a convenient designation for the cluster of properties that receive a specific benefit and are subject to the special assessment. Cities, counties, county service districts, metropolitan service districts, and a myriad of special service districts, are empowered to levy special assessments through local improvement districts (LIDs) discussed below.

2. Local Improvement Districts (LID) (ORS 223.387 - 399)

LIDs can be used to assess any property specially benefited by the local improvement. While there is a specific listing of authorized purposes, anything that benefits a property (lot) can be paid for by assessing the lot for its fair share of that benefit. The listed purposes include:

1. All manner of street improvements, sidewalks, ornamental street lights;
2. Installation of underground wiring and related equipment;
3. Construction, reconstruction and repair of any sanitary or storm sewer or water main;
4. Parks, playgrounds and neighborhood recreational facilities;

Other purposes may be listed in different special district statutes which simply cross-reference to the LID statute. The amount of assessment to be charged against each lot may vary according to the special and peculiar benefits accruing from improvements.

In order to enable property owners pay for local improvements or for system development and connection charges imposed by the local government, the law allows the property owner to petition to pay his or her obligation through installments - in which case a municipal corporation utilizing the **Bancroft Bonding Act (ORS 223.205 -295)** may sell bonds against the obligation of owners to pay installments. The city or county can sell bancroft bonds which allow the property owner to pay off the assessment over a period of up to 30 years. The ultimate responsibility for the bonds rests with the city which allows for lower interests rates. The amount of debt the City may incur under the Bancroft act is limited to .03 of the latest true cash valuation of the city. System

development charges² and connection charges may also be Bancrofted by the County, although different limitations are sometimes applicable to special districts under their principal authorizing acts, as we will identify below.

Under ORS 224 Bancrofting may be used by a city for construction of sewers, diversion of water, fills and drains through local assessment within and outside of City limits. In case of an overlapping drainage district officers of the district or the owner of the property must consent to the assessment.

3. Economic Improvement Districts

Economic Improvement Districts are limited purpose tools applicable to commercially and industrially zoned development. (See Appendix C)

4. Special Districts

Special districts are limited-purpose units of government created to carry out a specific function such as the provision of water, fire protection, sewer systems or storm drainage facilities, roads, transportation, libraries and other services. They are accorded only the power to provide the service(s) for which they were created and which are defined in statutes and, as such, are authorized to levy taxes or charges, issue debt, and enter into contracts for service. In Oregon special districts have gained widespread acceptance (See specific discussion of Oregon districts below). If the special districts requires a tax base then voter approval is required.

Overview Conclusion Special assessments, local improvement districts, system development charges work a complex web of regulatory interaction with municipalities, counties and special districts to provide infrastructure improvements. The mechanisms themselves have a special district like quality in that they are territorially defined. They are a permanent fixture of jurisdictional and regulatory overlapping and fragmentation in provision of capital and operating services.

² **System Development Charges (ORS 223.297-314)**

The last legislative session provided a uniform framework for the imposition of system development charges by local governments to be used only for capital improvements. The new law provides that the system development charge:

- I. Applies to all jurisdictions who have SDC on July 1, 1991.
- II. Jurisdiction without SDC but who have a connection charge greater than actual direct cost of connection.
- III. SDC is defined as "a reimbursement fee, an improvement fee... assessed... at time of increased usage... or issuance of a development permit... etc." Improvement and Reimbursement fees are defined as payment for "costs associated with capital improvements."
- IV. Can be used by agencies which provide the following services:
 - A. Water
 - B. Sewage
 - C. Storm
 - D. Transportation, and
 - E. Parks and Recreation

STREET SERVICES
(From residential to High capacity arterials)

Street Services can be provided by the following jurisdictions: State, cities, counties, county service districts, county road districts, special road districts, road assessments districts, urban renewal districts and domestic water supply districts. As with all special districts, some of these districts have available to them district within district tools, such as the local improvement district, and in effect what could be called a system development charge district or areas. As always an infinite variety of contractual arrangements can add additional elements of choice.

1. State: Under ORS Chapter 366 the Oregon State Highway Commission (now Transportation Commission) may select, establish, adopt, lay out, locate, alter, relocate, change and realign primary and secondary state highways anywhere in the state, city, county or unincorporated suburb. Under ORS 366.770 the Department of Transportation (ODOT) may enter into cooperative agreements with any one or more cities, counties, road districts or other municipalities for any the above services and to provide for allocation of costs for state highways and under ORS 366.775 for any road, highway or street.
 - 1.1 ORS Chapter 367 creates broad authority to contract bonded indebtedness for State Highways as well as City and County Roads. The indebtedness is to be paid out of highway funds, or from tolls and franchise fees. The amount of over all indebtedness is always limited. For example, certificates of indebtedness (ORS 367.105) 10 million per annum, Bond Act of 1951 (ORS 367.226) 15 million per annum, not to exceed 40 million in the aggregate. Bond act of 1973 (ORS 367.555) not to exceed 150 million etc.
 - 1.2 ORS Chapter 374 gives the State and Counties power to designate roads for through travel and creates a permit system for controlling private access to all state highways. State projects have to be compatible with approved comprehensive plans (ORS 197.180) and local compressive plans have to be coordinated with state plans (State Planning Goal 2).
2. Cities: In addition to the powers that the Cities may have within their own charters to operate outside city limits, they are also given special statutory authorities to do so.
 - 2.1 ORS 373.250(2) and (3) authorize the use of a road fund³ for "the construction and repair of roads without the city having a population of less than 100,000 which lead directly to it" and for other joint county projects.
 - 2.2 A city may also use an assessment procedure for street improvements outside its own

³ **ORS 373.240 General road fund of city.** The general road fund of any city shall consist of the road money set apart for the city as a road district or otherwise, under the laws of the sate, out of the road tax levied by the county, which the county treasurer shall pay to the city, and any other money placed in the road fund of the city by the orders of the city governing body.

limits under Local Street Improvement, ORS 223.878. The statute requires that the improvement and the assessment be approved by resolution of the county as well. It requires that same assessment methods be used outside the city as are used inside. This provision was not included in the Bancrofting section, although it seems to imply availability of Bancroft Bonds. If those are indeed available there is debt limit on any municipality of .03 of the latest true cash value for the total amount of Bancroft debt that a city may issue. If Bancroft Bonds are not available, than any debt instrument would have to be issued without full faith and credit of the city, reducing its usefulness in undeveloped areas, and making it practical only in more fully developed unincorporated suburban areas.

2.3 Special Assessment (ORS 223.851 - 880) When authorized at any properly called election, the governing body of a city may assess, levy and collect annual assessments upon any real property within its boundaries for street lighting, street maintenance and street cleaning services. Street lighting measure may also include construction.

3. Counties: County jurisdiction to build and finance roads is governed by ORS Chapter 368. That chapter grants broad powers which allow the county to use its legislative and fiscal authority to authorize and pay for public improvement projects. Bonded debt requires voter approval. Most road projects are financed through the creation of various districts.

3.1 In addition under ORS 371.605 to 660 the county may improve or construct a road (includes sidewalks, parking facility, ornamental street lights, lateral sewers, street mains, sewage disposal system or similar facilities within the right of way) through local assessments under the local improvement districts (ORS 223.387). County governing board or petitions with 60% of the owners of land representing 60% of the land abutting on the proposed improvement, may commence proceedings to cause the improvements to be made. The assessments may be Bancrofted; however, there is debt limit not to exceed .0375 of the latest true cash valuation of the county.⁴ This limit most likely applies to the total county indebtedness for road assessments only.

3.2 Local Improvement Districts and Bancrofting are also made available to County governments directly through ORS 203.075.⁵

4. County service districts (CSD): In addition to roads, county service districts are authorized to provide street lighting works and public transportation, including parking. For full range of county service district capacity see appendix A.

ORS 451 authorizes masterplans and service districts under this chapter to provide a full panology of capital improvements and services. A County governing body or

⁴ Note that the debt limit is higher here than one allowed under other Bancrofted assessments (.03 of true cash value).

⁵ Those would be limited to .03 of true cash value.

Metropolitan Service District Council shall serve as the governing body. County service district's masterplans have to be coordinated with city comprehensive plans. CSD is authorized to enter into agreements with cities, persons, or private corporations for cooperative financing and enforcement of coordinated masterplans. The district may construct and operate only those facilities which were authorized upon formation, unless additional authority is sought. District facilities can be financed by assessments, special and serial levies under ORS 280, and if within Article 11, Section 11 limitation and not to exceed 10 years can be financed without voter approval. Service districts also have authority to issue bonds and impose service and user charges etc.

An existing special road district organized under ORS 371.305 - 360, road assessment district under ORS 371.405 - 535, highway lighting district under ORS chapter 372 may withdraw its area from the proposed county service district under ORS 451.573 - 577.

5. County Road Districts: ORS 371.060 - 110 declares that every drainage district consisting of 5,000 or more acres and every incorporated city shall be a separate road district. The county may not divide such territory to include any of it in any other district without a vote of the electors of the affected area. The county may add up to 50% area to the drainage road district. Drainage district roads have to be approved by the board of supervisors. The drainage supervisors may levy a tax not to exceed \$1 for any one benefited acre for construction, maintenance and repair of approved roads. The city district is limited to the city boundaries.⁶ Islands larger than 12 square miles and located in any one county are also county road districts. County court supervises expenditures of funds outside incorporated areas. ORS 371.097 permits assessment, levy and collection of ad valorem taxes, and 371.107 permits a tax base election. This district has no separate debt or bonding authority; therefore, it is depended for that on the underlying political jurisdiction.
6. Special Road Districts: ORS 371.305-385 provides that a contiguous unincorporated territory within any county may be formed into a special road district for the purpose of improving roads within the district. Tax base is authorized without limit. ORS 371.344 requires special election to approve a road improvement levy. This district has no express LID authority.
7. Road Assessment Districts (in counties with 19,000 to 25,000 population): O R S 371.405 to 535 authorizes creation of road assessment districts if area is more than 20,000 acres or assessed value not less than \$1,000,000. The district can continue if in the next census population should exceed 25,000. The limitation on assessment is .0025 of true cash value, unless voters approve another .0025. The county can also levy a road tax in addition to the district tax. District board of directors is elective. If district is established the area shall be excluded from all other road districts.

⁶ ORS 371.067

8. Urban Renewal District: _____ ORS chapter 457 permits creation of urban renewal areas by cities or counties. City districts can extend outside unincorporated areas with permission of the County and visa versa and tax increment financing can be used to finance capital road improvements that benefit the district. See Appendix B for description of urban renewal law.
9. Domestic water supply districts: Under ORS 264.350 these districts, which can operate in incorporated and unincorporated areas, and hold property outside their boundary limits, may provide when authorized by their electors a system of street, road and highway lights. There is a tax levy limitation of .0015 of true cash value of all taxable property for installation of the system and .0005 for operating expenses. (See the same district under Water below)

WATER SUPPLY AND DISTRIBUTION
(Includes administration and maintenance of Water Utilities)

Water supply and distribution services can be provided by the following jurisdictions: metropolitan service district, cities (municipal utilities), counties, county service districts, domestic water supply districts, water improvement districts, water control districts, drainage districts, water supply authorities, people's utility districts and urban renewal districts.

1. Metropolitan Service District (MSD): ORS 268.312(1)(a) provides that subject to prior voter approval by electors of the district, MSD may acquire, develop, construct, alter, maintain and operate metropolitan aspects of water supply and distribution systems including local aspects of systems of persons, public corporations, cities or counties transferred to the district by agreement. Special assessments and Bancrofting is available to the district, as are ad valorem taxes. (See discussion of MSD tools in sewage below)
2. Cities: Municipal Utilities law (ORS Chapter 225) allows establishing of a water utility within and without municipal boundaries if permitted by charter or act of incorporation. Permits sale of bonds. Permits benefit assessment financing only against properties within the City. Statute cross-referenced to ORS 224 (See Cities: Sewers, below).
3. Counties: Local Improvement Districts and Bancrofting are made available to County government directly through ORS 203.075
4. County service districts (CSD) _____ ORS chapter 451, permits provision of water supply works and service, including all facilities necessary for tapping natural sources of domestic and industrial water, treating and protecting the quality of water and transmitting it to the point of sale to any person, city, domestic water supply corporation or other public or private agency for domestic, municipal and industrial water supply service. For full range of county

service district capacity see appendix A. However, water supply district formed under this statute, may not include within it water supply districts formed under ORS chapters 198, 261, 264 or 450, without their permission.

5. Domestic water supply districts: ORS chapter 264 authorizes operation of these districts in incorporated and unincorporated areas, and to hold property outside their boundary limits. They have the power to assess property taxes, and issue general obligation 30 year bonds (limited to 2.5% of true cash value of all taxable property, or .5% without voter approval, or 10% of true cash value if more than 300 population). The district can also issue revenue bonds. Tax assessment is limited to .0025 of true cash value. Any water supply district, when authorized by electors, may install and operate a system of street lights (ORS 264.350) - see above. Also any district may perform drainage work (ORS 264.352). Special assessments may be established according to benefit, to pay for all or part of the improvement either upon motion of the district commissioners or upon petition of one half of property owners benefiting. The district may also provide fire protection - see below.
6. Water Improvement Districts: Under ORS Chapter 552 these districts, which have a minimum size requirement of 1000 acres, can provide services ranging from drainage and flood control to domestic and municipal water supply. A city, domestic water supply corporation, irrigation, drainage or other similar special district providing water for use or water control may be included within the boundaries of a water improvement district without the consent of the city or other district; however, there is a process for their withdrawal. There is no objective criteria for their inclusion or withdrawal.

The district has a broad array of financing tools. It may assess benefited properties, deferring charges on undeveloped parcels until they are connected, unless more than 50% of landowners representing 50% of the acreage remonstrate. Bancrofting and system development charges are available. Ad valorem tax levy, without any limitation, may be imposed upon all taxable property within the district. Rate of levy has to be authorized in authorizing ordinance or by a vote of the people. At least 30 landowners are needed to call election on the question. User fees and service charges based on costs of operations and maintenance may be collected. There may also be a revolving fund for planning and construction of district works provided that it does not exceed .0015 of true cash value of all the taxable properties in the district. General obligation bonds may also be issued for a period not to exceed 50 years and district's net revenues may be pledged as additional security for the bonds without voter approval.

Subdistricts may also be created provided owners of 50% or more of total acreage within proposed subdistrict agree in writing. Irrigation, drainage and water improvement districts may dissolve and transfer their obligations to this district.

7. Water Control Districts: Under ORS Chapter 553 while water control districts may be created primarily for drainage, irrigation and flood control, they may also operate and

maintain works and facilities for secondary purposes of domestic, municipal and industrial water. However, a water control district may not be created solely for one or more of the secondary purposes.

Districts can create special assessments subdistricts in order to levy assessments against benefited properties, or levy ad valorem taxes against all taxable properties within a subdistrict. They may issue debt instruments based on assessments and revenue, including 50 year bonds. Preliminary assessments may not exceed .0005 of the true cash value of all taxable property within the district. There is no limit on construction, maintenance or improvement assessment, and their payment may be extended for up to 10 years.

8. Drainage Districts: ORS Chapter 547, specifically ORS 547.325 provides that any drainage district embracing less than 1000 acres may within and adjacent to the district own, construct, install, contract to use and receive service from, and buy and sell wells, reservoirs, pumps, pipes lines and other equipment used to supply water from wells for domestic purposes and for watering lawns and gardens. Its not clear that there exists independent debt authority for these domestic water activities.

Drainage districts have broad assessment, but narrowly defined bond debt capacity. For example ORS 547.555 limits bonded debt to 40 years, with interest of not more than 7% payable semi-annually.

9. Water Supply Authorities: Authorized under ORS 450.650 - 700, it appears that no such entities have been established under this law, although two or three may be in the works. The intent of the law appears to be to promote integration of delivery services between unincorporated and incorporated areas on a regional basis.⁷ Some see in it a mechanism by which districts could survive annexation to cities as independent entities. These statutes are intended to insure supply of water by joint action of two or more cities, two or more water districts or one or more cities and one or more water districts. It allows two or more cities or districts or combination thereof to form a water authority provided the county or boundary commission initiates such action by resolution supported by findings. The county governing body must determine the ability of the proposed authority to provide water service. In 1989 Water authorities were given the ability to acquire water rights from cities and districts and to move the water intake sources without impairing permit rights or date of rights, in order to encourage regional solution to water supply problems. Its formation is guided by the general special district legislation (ORS Chapter 198). It may issue revenue bonds and has all the assessment, assessment district, tax levy powers and limitations of a domestic water supply district. (see above)

⁷ ORS 450.705(2) It is recognized also that potable water supply problems in many areas of the state where the population is rapidly expanding can best be solved through the cooperative and integrated effort and support of unincorporated and incorporated areas. It is the purpose of ORS 450.650 to 450.689 to provide means whereby water supply authorities can be formed and such cooperation and integration can be achieved

10. People's Utility Districts: ORS chapter 261 allows for development or transmission of water for domestic or municipal purposes within and without incorporated areas. All bonded debt, general obligation and revenue require voter approval. Revenue bonds are limited solely to revenue. General obligation bond approval requires a majority of 25% of electors in the district and the total general obligation debt may not exceed .025 of true cash value of the district nor exceed 40 years.
11. Corporations for Use or Control of Water: ORS chapter 554 governs the formation of corporations, for profit and non-profit, partnerships or associations for irrigation, drainage, water supply and flood control. The corporations have assessment powers against land, collectable by county assessors. Owners of the land are members of the corporation. Corporation may issue bonds and other debt instruments. Corporation by contract may serve lands outside its area.
12. Urban Renewal Districts: Under ORS chapter 457 they can be created by cities or counties. City districts can extend outside unincorporated areas and can be used to finance water supply, storage and distribution capital improvements that benefit the district. See Appendix B for description of urban renewal law.

SEWAGE AND STORM DRAINAGE

Sewage and storm drainage services can be provided by the following jurisdictions: metropolitan service district, cities, counties (road districts) county service districts, sanitary districts, sanitary authorities and urban renewal districts.

1. Metropolitan Service District: Under ORS 454.205 to 454.255, a metropolitan service district (MSD) may own, acquire, construct, operate and maintain a sewer disposal system, as can cities, counties, county service districts, sanitary district and sanitary authority. With voter approval a municipality may issue general obligation, limited obligation, self liquidating or revenue (service charges) bonds. The bonds have to be serial in character, payable in not more than 40 years and paying not more than 6% interest. No other limitations apply to this debt. Solid and liquid waste disposal is also provided for in the MSD authorizing legislation, ORS 268.030(3)(a) and 268.310(1). Because of 30 year leasing authorization for those facilities MSD can also avail itself of certificates of participation as a financing method. With voter approval MSD can levy ad valorem taxes, not to exceed .005 of true cash value. It also has the power to charge vehicle registration fees, income tax up to 1% of income derived from the district, excise taxes to cover up to 6% of gross revenues collected by the district, service charges for planning, and service and user charges. It should be also kept in mind that for all of its authorized services, MSD can establish county service districts under ORS chapter 451.

2. Cities: City Sewers and Sanitation is covered in ORS Chapter 224. It allows cities to create sewer system assessment districts for the benefit of any and all properties inside and outside city limits and to construct sewer systems. Bancrofting is available inside and outside city limits. Residents outside the city shall have the same remonstrance privileges as those inside. Property owners or officers of a drainage district outside the city limits organized under ORS 547.005 to 547.030 have to consent to being included (See WATER section above). General obligation, limited obligation, self liquidating and revenue bonds are available to the district without limitation, but upon voter approval, except as otherwise provided in city's charter or under provisions below. Finally a city may impose a sewage charge on water bills to pay for construction of sewage systems.
 - 2.1 ORS 454.105 - 175 provides for financing of disposal systems. Disposal system is defined as a system for disposing of wastes, either by surface or underground methods and includes municipal sewage systems, domestic sewage systems, treatment works, disposal wells and other systems.⁸ Under this law a city may finance construction of a disposal system.
 - 2.2 Under ORS 454.205 to 454.255, a city may own, acquire, construct, operate and maintain a sewer disposal system.(see MSD above)
 - 2.3 Cities of 3,500 or less have a additional authorization in ORS 224.310 - 420. The primary purpose of these section is to provide for state assistance in financing sewage systems. It allows for serving of continuous area outside of city limits. Limits all public indebtedness within said sanitary district to 12.5% of the true cash value.
3. Counties: As already discussed under ORS 371.605 to 660 the county may improve or construct a road (including lateral sewers, street mains, sewage disposal system or similar facilities within the right of way) through local assessments under the local improvement districts (ORS 223.387). County governing board or petitions with 60% of the owners of land representing 60% of the land abutting on the proposed improvement, may commence proceedings to cause the improvements to be made. The assessments may be Bancrofted; however, there is debt limit not to exceed .0375 of the latest true cash valuation of the county. This limit seems to apply to the total county indebtedness for road assessments only.
 - 3.1 Local Improvement Districts and Bancrofting are made available to County government directly through ORS 203.075
 - 3.2 ORS 454.105 - 175 allows financing of disposal systems. Disposal system is defined as a system for disposing of wastes, either by surface or underground methods and includes municipal sewage systems, domestic sewage systems, treatment works, disposal wells and

⁸ ORS 468.700(1)

other systems.⁹ Under this law a county may finance construction of a disposal system.

- 3.3 Under ORS 454.205 to 454.255, a county may own, acquire, construct, operate and maintain a sewer disposal system. (See MSD above)
4. Multnomah County: Faced with one of the largest unsewered urban areas in the country, the legislature enacted special provisions to deal with the situation in ORS 454.275 - 380. It provides for construction of sewage treatment works and provisions of services by a city, county, county service district, sanitary district, metropolitan service district in any county exceeding 400,000 in population. Uniquely, general obligation bonds, revenue bonds and assessments of benefited property without a vote or remonstrance under proper findings of a "threat to drinking water" are permitted. Approval of the Environmental Quality Commission is required. It authorizes single drainage basin seepage charge as a payment method for general obligation or revenue bonds.
5. County service districts: ORS Chapter 451 allows CSDs to provide sewage works, including all facilities for collecting, pumping, treating and disposing of sanitary or storm sewage, pumping and disposing of storm and surface water and outside Clackamas, Washington and Multnomah counties solid waste disposal. For full range of county service district capacity see appendix A. A drainage district under ORS chapter 457 and sanitary district under ORS chapter 450 may withdraw their areas from a proposed county service district, under ORS 451.573 - 577.
6. Sanitary Districts: In ORS chapter 450, sanitary districts can be formed to provide facilities and services for sewers and solid waste disposal. The district can levy ad valorem taxes and issue revenue and general obligation bonds. Voter approval of the district is discretionary, but formation through the petition process is provided for. Total bonds outstanding, including Bancroft, may not exceed 13% of true cash value in the aggregate. District bonds can not exceed 30 years, are paid annually and in denomination not more than \$5,000. Bancroft bonds do not need voter approval. Unlike other districts two-thirds or more of owners of the property benefiting directly have to remonstrate against proposed improvements in which case proceeding are suspended for a period of six months before they can be taken up again.
- 6.1 ORS 450.250 -300 provides for sewer districts with not more than \$250,000 assessed valuation (These days that may mean one house). Such districts have to be certified by the Environmental Quality Commission that they are in "dire need of sewage and sanitation facilities"¹⁰ State Treasurer has absolute discretion which districts so certified get the benefit of this program. The Treasurer may order the district to construct part of the its system

⁹ ORS 468.700(1)

¹⁰ ORS 450.255

outside its boundaries. The Treasurer may authorize deferral of interest payments for a period of up to three years. The district has to pledge all revenue, after expenses, to debt payment, and covenant full faith and credit, to raise ad valorem taxes to pay for any deficiency. Sewage debt may not exceed 25% (\$62,500) of the total true cash value of all taxable property within the district.

7. Sanitary Authorities: Under ORS 450.650 - 989, any portion of one or more counties, including both incorporated and unincorporated areas as well as areas within sanitary, drainage and other districts, may be formed into a sanitary authority. The governing bodies of two or more cities, two or more sanitary or drainage districts or one or more cities and one or more districts may initiate the formation of a sanitary authority by resolution of the county or boundary commission. The formation process is governed by ORS Chapter 198. The authority has the power to compel all residents and property owners to connect their house and structure with adjacent sewers.¹¹ It may also control sewage disposal and drainage, the storage, collection, transportation and disposal of solid wastes, road cleaning, mosquito control, and any other sanitary activity. The authority may construct, maintain and operate sewage disposal and drainage systems, including sewage treatment plants, trunks and lateral sewers and drains, or any combination thereof outside its authority" where necessary and expedient." It can also purchase such a system from another jurisdiction. The cost of proposed installations may be paid for by assessments of benefited properties, connection charges, service charges, general obligation bonds, tax levies. Assessments against undeveloped land may be deferred. Majority of the owners of the land can successfully remonstrate against a construction proposal, in which case six months must lapse before a "modified" proposal can be initiated. Areas benefited shall have primary responsibility even for general obligation bonds. All bonds have a 30 year limit. All bonds including Bancroft can not exceed 13% of true cash value.
8. Urban Renewal Districts: Under ORS chapter 457 they can be created by cities or counties. City districts can extend outside unincorporated areas and can be used to finance sewer and treatment works capital improvements that benefit the district. See Appendix B for description of urban renewal law.
9. Drainage Districts: ORS Chapter 547 authorizes owners of 50% of acreage in any contiguous body of swamp, wet or overflowed lands or irrigated lands, to form a drainage district of having such land reclaimed and protected by drainage. Drainage districts have broad assessment, but narrowly defined bond debt capacity. For example ORS 547.555 limits bonded debt to 40 years, with interest of not more than 7% payable semi-annually.

PARKS, LIBRARIES & SCHOOLS

¹¹ ORS 440.815(8)

What follows is merely a sample of other more common districts that have direct impact on urbanization. School districts are not discussed in detailed, but simply listed to show that there may be several districts affecting an area. School districts may benefit from merger of districts, but unlike other tax base jurisdictions they are unaffected by issues of development and annexation timing. That is because all land is within some school district already; therefore, new development in each and every case will not affect school tax base without voter approval.

We need to point out that urbanizing areas have access to districts providing health care (hospital), vector control, weed control, dog control, highway lighting, transportation, cemetery maintenance, and through county service districts every other municipal service. County service districts in boundary commission jurisdictions have additional authorities, as discussed in the Appendix A.

1. State: ORS Chapter 390 governs administration of state and local parks, recreation programs; scenic waterways, and recreation trails. Similarly to the Department of Transportation, state facilities are localized. This chapter also establishes Parks and Recreation Department and Commission and in addition to providing direct park services has oversight over Willamette River Greenway, ocean shores and scenic waterway, Deschutes River Scenic Waterway and recreational trails.
2. Metropolitan Service District: Under ORS 268.312(1)(c), with prior voter approval, MSD may acquire, develop, maintain and operate a system of parks, open space, and recreational facilities of metropolitan significance.
 - 2.1 Under ORS 268.312(e), with prior voter approval, MSD may provide metropolitan aspects of library activities including, but not limited to, book acquisition and technical assistance for local libraries.. See discussion of MSD in SEWERS above.
3. Cities: Cities have the authority to provide full range of services, limited only by their charter provisions. Public Libraries are authorized under ORS 357.400 - 621 which permit taxation for a library fund and serial and operating levies under ORS Chapter 287.
 - 3.1 ORS 226.110 - 240 authorizes creation of park commissions in cities of 3,000 or more, to operate and construct parks, giving the commissions taxing power not to exceed "one-half mill on the dollar in any one year" and power to request a special levy for acquisition of land, also not to exceed "one-half mill".
 - 3.2 ORS 226.310 - 400 deals with parks in cities of 5,000 or more and is a general authorization statute for municipal governments, containing no additional debt or taxation limitations, except that bonded debt appears to be limited to acquisition of land only.
4. Counties: Public Libraries are authorized under ORS 357.400 - 621 which permit

taxation for a library fund and serial and operating levies under ORS Chapter 287.

5. County Service Districts: In addition to services already discussed, ORS chapter 451 authorizes full range of services, which are further identified in the discussion of CSD in Appendix A. CSD may provide library services, public parks and recreation, including land, structures, equipment, supplies, and personnel necessary to acquire, develop, and maintain such public park and recreation facilities and to administer a program of supervised recreation.
6. Park and Recreation Districts: Under ORS chapter 266, these districts can construct and maintain a full range of park and recreation facilities and services, supported by property taxes, not to exceed .0050 of true cash value of all the taxable properties in the district. Interestingly enough under ORS 266.410 (11) this district may "compel all residents and owners within the district to connect their houses and habitations with the street sewers, drains and other sewage disposal systems". The district can contract bonded indebtedness. Voter approval is at discretion of the board or through petition. General obligation bonds can not exceed 30 years or 2.5% of true cash value. Revenue bonds may also be issued, but with voter approval only, payable only from revenue.
7. Library District: ORS 357.216 - 286 requires an election to form a district, which can encompass more than one county. Tax is limited to .0025 of true cash value of all the taxable property within the district. There is independent debt authority.
8. School Districts: Required educational services are provided through Common School Districts (ORS 330.505 to 330.780), Union High School Districts (ORS 335.210 to 335.485), County School Districts (County Units) (ORS Chapter 333), City School Districts (Referred to in ORS 333.020) and Educational Service Districts (ORS Chapter 334). School districts enjoy exclusive franchises, which does not prevent any one area from getting elementary education from one district, middle school from another, high school from a third and special education from a fourth district. It's just that no two districts can provide competing services in the same territory.

OPERATING SERVICES

(Police, fire, planning, recreation, operations and maintenance)

Cities, counties, and to a large extent county service districts, are full service entities, that can provide full range of operating services. Operating, financing and debt limitations of various districts were identified in the sections above and need not be repeated. Generally, ability to levy ad valorem tax or establish a rate base denotes ability to provide for operations and maintenance. Assessments may cover operating costs when specifically permitted in the principal act, as will service fees and charges.

Comprehensive planning responsibilities are city and county responsibilities. County service district may assume comprehensive planning responsibilities. Metropolitan service district can do so only for metropolitan aspects of that planning. Counties and MSD in the metropolitan area have coordination responsibility to ensure that special districts plans comply with state planning goals.

All special districts have to coordinate their planning through their counties, or MSD and be compatible with local comprehensive plans.¹²

1. Cities: Cities are typically full service entities and can provide their services within and without the incorporated area, depending on charter considerations. Municipal activities in unincorporated areas usually require county consent. Typically fire and police services outside municipal boundaries are provided by contract. See ORS chapter 221.

ORS 225.310 - 400 is an additional authorization, not a limitation, for cities to acquire, construct, equip, operate and maintain within or without its statutory or corporate limits facilities for irrigation and fire protection. Cities are permitted to set rates for these services. General obligation, limited obligation or self liquidating bonds are permitted for voter approved facilities. Bonds have to be serial in character, payable in not more than 30 years, paying not more than 6%. Self liquidating bonds are exempted from charter limitations on indebtedness;"however, the aggregate of bonds, after deducting sinking funds applicable to payment of principal of the bonds, shall not exceed [2 1/2%] of the latest true cash value of the issuing city."¹³

2. Counties: Counties are typically full service entities and can provide their services within and without incorporated areas, depending on charter considerations. County activities within municipal boundaries require municipal consent. Typically fire services are performed through fire districts and police (sheriff) services inside municipal boundaries are provided by contract. Sheriff services are governed by ORS chapter 206.

3. Metropolitan Service District: ORS 268.030 states that this district legislation was enacted "in order to provide a method of making available a metropolitan areas public services not adequately available through previously authorized governmental agencies." To that end MSD may provide metropolitan aspects of sewerage, solid and liquid waste disposal, control of surface water, public transportation, water supply, human services, parks and recreation, cultural facilities, libraries, correctional facilities and correctional programs. It may also assume by contract local aspects of all the above services within and without district boundaries.

4. County Service Districts: Generally County Service Districts have the authority either directly or by contract to provide all operating services, including full comprehensive

¹² ORS 197.185 - 190

¹³ ORS 225.380

planning services. See Appendix A.

5. Domestic water supply districts: Under ORS 264.330 - 349, these districts, which can operate in incorporated and unincorporated areas, and hold property outside their boundary limits, may provide when authorized by their electors full range of fire protection to themselves, or by contract to a city, rural fire protection district and any municipal corporation. When so authorized the district commissioners may levy a tax not to exceed .0015 of true cash value of all taxable property to defray expenses of providing, maintaining, operating and servicing its equipment. In addition the district can levy an additional .0040 of true cash value to defray expenses. No difference appears to exist between these two limitations.

6. Rural Fire Protection Districts: ORS chapter 478 governs these districts that may not include, *inter alia*, territory within a city, water supply district under ORS chapter 264. Districts within 10 mile radius of city of 100,000 or more may install, maintain and operate systems of street, road or highway lights. County government has final authority over district territory. The district may contract for fire protection or road-lighting with any other municipal corporation or governmental agency. The district may levy ad valorem taxes, without limitation, and general obligation bonds, which together with lease-purchase obligations may not exceed .0125 of true cash value of the district. For lighting purposes, purchase and operations, the district board may levy an amount not to exceed .001 of true cash value, which can go up to .0025 with voter approval.

7. There is no separate law enforcement district or municipal police authorization except for the County Service Districts, see Appendix A.

SECTION THREE: CASE STUDIES SUMMARIES

The following section provides the case study notes characterizing the growth management aspects of 5 developments varying in scale and time. Three case studies deal with current development and two deal with areas that developed during the 50's and 60's. The first three allow some judgement about current growth management adequacy and the final two provide examples of failure to deal with growth management issues. Exhibit 5 summarizes the salient results of the 3 current developments.

Exhibit 5 supports the data and hypotheses developed in Section One. With the exception of redevelopment of existing dense urban areas inside the City of Portland, development as it occurs does not provide the full range of required community services. In Washington County and the City of West Linn (under existing practice) development supplies about 35% and 12% of the requisite municipal services. In both the above instances the school systems are at capacity and the new development will provide no additional revenue for either facilities or operations. In the City of Portland by comparison there is excess capacity so the infill development provides a modest surplus, both for the City of Portland and the School District.

Looking at operating costs and revenues per capita we note that the small scale developments in Portland and Washington County evaluated as marginal service costs and revenues provide modest surpluses. However, when we move to the community scale and impose a typical Oregon City government revenue structure (West Linn), we note an operating deficit. The same holds true for school districts unless there is excess capacity. Only 30% State Support increases with student demand resulting in large operating deficits without voter approval of additional property taxes.

The final two case studies represent the impact of allowing development to occur in the 50's and 60's without providing urban services. The Santa Clara - River Road area developed using septic tanks and is only at present being provided with sanitary sewers. Likewise the area has required a large continuing expenditure of County general road revenues to upgrade collector and arterial streets in the area. Attempting to increase density in this area beyond that already achieved appears problematical given the high cost of retrofitting necessary services and the large number of jurisdictions with neither the capacity nor incentive to finance large scale service improvements.

The West Medford case study is somewhat more extreme, probably representing an area which should be exempted from the urban growth boundary and left as is. Development to this point has produced an area of such low density, almost totally lacking in urban services, and containing sufficient low value housing, that attempting to retrofit the area and promote development to urban densities does not appear economically feasible even with such mechanisms as tax increment financing.

**EXHIBIT FIVE:
SALIENT GROWTH MANAGEMENT FEATURES OF CURRENT DEVELOPMENT**

GROWTH MANAGEMENT FEATURE	REDEVELOPMENT PORTLAND	INFILL DEVELOP. WASHINGTON CTY.	URBAN EDGE WEST LINN
SIZE OF DEVELOPMENT	1/7 OF ACRE	8 ACRES	625 ACRES
DWELLING UNITS CREATED	3	24	2400 - 2700
VALUE PER D.U.	79,000	290,000/590,000	125,000/500,000
POPULATION	6 - 9	80 - 90	6000 - 7000
SCHOOL AGE CHILD.	1 - 3	18 - 21	1400 - 1600
COMMUNITY CAPITAL MARGINAL COSTS PER D.U.	1000	10100	10100
COMMUNITY CAPITAL PROVIDED PER D.U.	1550	3650	1250 a. 10100 b.
SCHOOL CAPITAL PER D.U.	0	6000	6000
SCHOOL CAP. REV PER DU	0	0	0 c.
COMMUNITY OP COST	0	405	853
COMMUNITY OP REV.	496	655	815
SCHOOL OP COST	0	3750	2950
SCHOOL OP REV.	1000	1250	1000

NOTES:

- a. APPROXIMATE AMOUNT OF CURRENT WEST LINN SDC'S COLLECTED PER D.U.
- b. AMOUNT INCLUDED IN TANNER CREEK FINANCIAL PLAN.
- c. CURRENT PRACTICE.
- d. AMOUNT INCLUDED IN TANNER CREEK FINANCIAL PLAN.

SOURCES: BUDGET DATA FROM ALL RELEVANT PROVIDER JURISDICTIONS, DEVELOPMENT CASE FILES AND ONSITE INSPECTION OF DEVELOPMENT AREAS AS WELL AS ASSOCIATED ENGINEERING STUDIES, IF RELEVANT.

**CASE STUDY NOTES
CASE STUDY NO. ONE**

1. Washington County unincorporated infill development - Raeburn Estates.

Name of development: Raeburn Estates

Location: Eastern Washington County on NW. Barnes Road about 1/4 from Multnomah County line and 2.5 miles from Portland CBD.

Size of subdivision: 8 acres

Number of lots created: 24 lots averaging 10,000 - 14,000 ft. per lot.

Type of development: Residential subdivision

Value per dwelling unit: \$290,000 - 590,000.

Approximate raw land cost: \$20,000 - 35,000 per acre.

Value per developed lot: \$50,000 - 70,000.

Approximate population added: 84

Approximate school age children: 29

Inventory of provider jurisdictions:

Capital:

Roads:	Washington County
Sewer and drainage:	Unified Sewage Agency
Water:	Wolf Creek Water District
Parks:	Tualatin Hills Park and Recreation District

Operating:

Road maintenance:	Washington County
Sewer maintenance:	USA
Water service:	Wolf Creek Water District
Park maintenance:	Tualatin Hills Park and Recreation District
Fire protection:	Tualatin Valley Fire and Rescue District
Police Protection:	Washington County Sheriff
Planning/Building:	Washington County

Capital facilities provided inside development:

- Residential sewers
- Residential water connections
- Residential streets with curbs and drainage.

Capital facilities provided beyond development:

None provided directly. SDC's intended to pay for community facilities were paid as follows:

Roads:	\$1,350 per DU paid to Wash. Cty.
Sewers:	\$1,500 per DU paid to USA
Drainage:	\$800 per DU paid to USA
Water:	\$800 per DU paid to Wolf Creek

Parks:	0
Schools/other:	0

Total Community Capital Facilities: \$3650 per D.U.

Operating Costs of Development:

Police:	\$0/\$0
Street Maintenance:	\$1800/\$75
Other County:	\$0/\$0
Fire:	\$0/\$0
Sewer maintenance	
/treatment:	\$1600/\$67
Water:	\$6300/\$263
Parks:	\$0/\$0
Schools:	\$145,000/\$6042

Operating Revenues of Development:

Washington County:	\$3500/\$146
Fire:	\$0/\$0
USA:	\$4500/\$188
Wolf Creek Water:	\$6600/\$275
Tualatin Hills Parks:	\$1100/\$46
Beaverton Schools:	\$43,500/\$1813

CASE STUDY NOTES
CASE STUDY NO. TWO

2. City of Portland Redevelopment - 3 Row Houses

Name of development: S.W. Hooker rowhouses

Location: S.W. Portland, between 1st and 2nd in Lair Hill neighborhood within 1/4 mile of Portland CBD.

Size of subdivision: 6,625 Sq. Ft.

Number of lots created: 3 lots of 1500 to 2500 sq. ft.

Type of development: 3 rowhouses in previous R-1 zone with historical protection overlay.

Value per unit: \$79,000

Approximate raw land cost: \$10,000 - 12,000 per lot.

Estimated value per developed lot: \$20,000.

Approximate population added: 6 - 9 persons

Approximate school age children: 2 - 4

Inventory of provider jurisdictions:

Capital services:

Roads:	City of Portland
Sewer and drainage:	City of Portland
Water:	City of Portland
Parks;	City of Portland
Schools:	Portland Public Schools

Operating:

Road maintenance:	City of Portland
Sewer maintenance:	City of Portland
Water service:	City of Portland
Park maintenance:	City of Portland
Fire protection:	City of Portland
Police protection:	City of Portland
Planning/building:	City of Portland
Schools:	Portland Public Schools

Capital facilities provided inside development:

Sidewalks rebuilt, new curb cuts and driveways.

Capital facilities provided beyond development:

None provided directly but the following SDC's were paid to compensate for community facilities:

Roads:	\$0 per D.U. for transportation
Sewers:	\$950 per D.U.
Water:	\$600 per D.U.
Parks:	\$0 per D.U.
Drainage:	\$0 per D.U. (some may be in sewer SDC)

Schools: \$0 per D.U.

Total paid for community services per D.U.: \$1550.

Operating costs of development:

Police:	\$0	
Streets:	\$0	
Fire:	\$0	
Sewers:		\$0
Water:	\$0	
Parks:	\$0	
Schools:		\$0

Operating revenues from development:

Portland General Fund:	\$405/\$135
Portland Transp. Fund:	\$258/\$86
Sewage Fund:	\$450/\$150
Water Fund:	\$375/\$125
Schools:	\$4500/\$1500

CASE STUDY NOTES
CASE STUDY NO. 3

3. Large Scale Urban Edge Development: Municipal/County -Tanner Creek

Name of development: Tanner Creek

Location: West of the City of West Linn which surrounds it on the north, east and south sides. Located inside the UGB in unincorporated Clackamas County except for about 1/5 of the area which has been annexed to the City of West Linn.

Size of subdivision: 625 acres - 100 acres West Linn and 525 acres unincorporated.

Number of lots created: 2400 -2700 size from 2 acres to 2500 sq. ft.

Value per dwelling unit: \$125,000 - 500,000.

Value per developed lot: \$50,000 - \$90,000.

Approximate population added: 6000 - 7000 (by 2010).

Approximate school age children: 1600 (by 2010, max in system at one time.)

Inventory of provider jurisdictions:

Capital:

Roads:	Clackamas County, West Linn
Sewer and drainage:	presently not provided. (West Linn Tri-Cities Service District are assumed providers.)
Water:	presently not provided. (West Linn and South Fork Water Board are assumed providers.)
Parks:	presently not provided. (West Linn is assumed provider.)
Schools:	West Linn School District

Operating:

Road maintenance:	Clackamas County, West Linn
Sewer maintenance:	NA
Water service:	NA
Park maintenance:	NA
Fire protection:	Rosemont Fire District (contracts with West Linn.)
Police protection:	Clackamas County Sheriff.
Planning/Building:	Clackamas County.
Note:	City of West Linn will take over above if and when development occurs.

Capital facilities provided inside development:

- Residential sewers
- Residential drainage
- Residential water
- Residential streets, with curbs, sidewalks, streetlights, etc.

Community facilities to be provided with development:

Arterial and collector streets
 Major drainageways and wetlands set asides
 Neighborhood parks and community center
 Community facility and community commercial area
 Water trunk lines, storage, pump stations
 Sewer trunk lines.
 School sites and school facilities.

Capital cost per D.U. of Community facilities.

Arterials/collectors/traffic control:	\$3000
Sanitary sewer collection:	\$500
Sanitary sewer treatment:	\$1400
Drainage:	\$1200 (includes land for runoff)
Water distribution:	\$1850
Water supply:	\$1000
Park and School land:	\$1000
Park development, bike paths, community facilities:	\$850
School construction:	\$5300

Total Community Capital Facilities per acre: \$16100.

Operating Costs of Development:

Police:	\$392,600/\$145
Fire:	\$171,500/\$64
Streets:	\$133,000/\$50
Sewers:	\$380,000/\$141
Water:	\$488,000/\$181
Parks:	\$139,400/\$52
Libraries:	\$224,900/\$83
Other:	\$368,600/\$137
Schools:	\$8,000,000/\$2950

Operating Revenues of Development:(Assumes annexation prior to development.)

Clackamas County:	\$396,500/\$147
West Linn:	\$2,200,000/\$815
West Linn School:	\$2,640,000/\$978

CASE STUDY NOTES
CASE STUDY NO. 4

4. Large Scale Vintage Development prior to UGB/Growth Management - Santa Clara - River Road

Name of development: Santa Clara - River Road

Location: Area north of Eugene, on either side of River Road, extending north past Belt Line Road to the boundary of the UGB.

Size of subdivision: 4,442 acres

Number of lots created: 7,269

Type of development: Mixed; residential 2065 acres, comm. 107 acres, industrial 12 acres, government 32 acres, schools 127 acres, parks 80 acres, streets 657 acres, water 43 acres and vacant 1299 acres.

Value per D.U.: \$52,700

Value per Lot: NA

Approximate population: 24,000

Approx. school age children: 3500 - 4000.

Inventory of provider jurisdictions:

Capital:

Roads:	Lane County, OSHD (Beltline), Eugene
Sewer & Drainage:	None
Water service:	Santa Clara and River Road Water Districts. (Distribution only, EWEB supplies.)
Parks:	River Road Park and Recreation District, City of Eugene, Lane County.
Schools:	Eugene School District.

Operating:

Road maintenance:	Lane County
Sewers:	None
Water:	River Road & Santa Clara Water Districts
Park maint.:	River Road Park & Recreation Dist.; City of Eugene
Fire:	Lane Cty. RFP # 1, Santa Clara RFP & River Road Water Dist. (via contract with Eugene)
Police:	Lane County & OSP
Planning:	Lane County
Schools:	Eugene School District

Capital facilities provided inside development:

Residential streets, no sidewalks, 1/2 have curbs and gutters.
Residential water (EWEB provides supply.)

Community facilities provided with development:

Collectors/arterial streets: None (Lane County has provided them after the fact with general road revenues.)

80 - 85 annual spending: \$1,224,000.

Sewers & drainage: None provided. Will be provided in future by City of Eugene and Metropolitan Waste Water Treatment Authority via extraterritorial extensions.) 1985 retrofit cost without treatment plant: \$48,315,441 or \$5775 per D.U., community facility cost \$2400 per D.U. , with wastetreatment increases to about \$2850.

Water supply: Provided by EWEB.

Parks: None. Subsequently partly provided by River Road Park & Recreation District.

Schools: None. Subsequently provided by Eugene School District.

Operating Costs and Revenues:

Not Applicable

CASE STUDY NOTES
CASE STUDY NO. 5

5. Large Scale Vintage Development prior to UGB/Growth Management - West Medford

Name of Development: West Medford

Location: The urban fringe area adjacent to the western boundary of the City of Medford and extending out about 1/2 mile on average. Also extends outward 1/2 mile on the southwest side of Medford.

Size of Development: Roughly 1300 acres

Number of lots created: 900

Type of development: Scattered rural to urban residential with commercial strip development along Jacksonville Highway , partly developed on unpaved private streets and partly developed to County Road standards without curbs and ditches and culverts for drainage.

Value per D.U.: Approximately 25,000 - 50,000 with quality varying from poor to moderately good.

Value per Lot: NA

Approximate population: 2,250

Approximate school age children: 700

Inventory of provider jurisdictions:

Capital:

Roads:	Jackson County
Sewers:	Bear Creek Valley Sanitary Authority
Water:	Private wells, Jacksonville Water District, Kings Highway Water District (Medford Water Commission supplies)
Drainage:	Jackson County
Parks:	None
Schools:	Medford School District (549c)

Operating:

Roads:	Jackson County
Sewers:	Bear Creek
Water:	Private and water districts
Parks:	None
Fire:	Medford Rural Fire District via contract with City of Medford fire dept.
Police:	Jackson County

Planning: Jackson County (with City of Medford review)
Schools: Medford School District

Capital facilities provided inside development:

Some areas have roads constructed to County standards (well below Medford standards). Approximately 50% of the area is served with unimproved and unpaved roads or very long private driveways with homes located at the back or lots. Some areas have water service, 50% of the area does not. BCVSA has made sanitary sewer service available.

Most of the area is developed to a semirural density with orchards and animal pasture areas and barns. About 2/3 the dwelling units are built in subdivisions with 7500 - 12500 sq. ft. lots to County development standards and provided water service.

General and pertinent notes:

The City of Medford does not intend to expand in a Westward direction. This area will always be an urban fringe area. Overall the area is developed to a low density of about 1.5 acres per D.U. with virtually all services with the possible exception of sanitary sewer well below City of Medford standards or entirely absent. With the exception of 3 - 4 subdivisions of moderate quality representing 2/3 of the D.U.s, the remainder of the area is in poor to rundown condition. The prevalence of low value housing, fragmented land ownership and general lack of urban services prevents efficient provision of infill development. The market simply will not allow development of sufficient value in such an area to pay for the required new and retrofitted services. Moreover, the income status of existing residents will in all likelihood not support the cost of retrofitting to urban standards in such a low density area.

It is not likely that any market or subsidy approach including tax increment financing would be able to provide minimum urban capital facilities in this area. To provide services would require a considerable direct subsidy from elsewhere and the resultant serviced land would be difficult to market with the existing mix of housing.

SECTION FOUR: TASK SIX - SPECIAL DISTRICT GROWTH MANAGEMENT ROLE ASSESSMENT

This Section deals explicitly with the role that Special Districts play in growth management within the urban growth boundary. Here we describe a number of jurisdictional authority and financial arrangements that provide the necessary capital and operating services for development. Besides a narrative description we note where the Special District arrangements are advantageous for growth management and where problems have developed.

We describe Special District growth management roles for sanitary sewage/drainage, water supply and distribution, park development and operation and fire protection/emergency response.

A. SEWAGE COLLECTION, TREATMENT AND DRAINAGE

Unified Sewage Agency

The Unified Sewage Agency (USA) created in 1970 serves approximately 330,000 people including 4/5 of Washington County, portions of Clackamas and Multnomah County and the City of Portland from the top of the West Hills westward. Within its service area it entirely includes the Cities of Banks, Beaverton, Cornelius, Durham, Forest Grove, Gaston, Hillsboro, King City, North Plains, Sherwood, Tigard, and Tualatin as well as a small portion of Lake Oswego.

USA presently has an operating budget of \$34 million and staffing of 310. The capital budget reflecting the start of a major facility standard upgrade and expansion program amounts to approximately \$58.4 million.

USA operates 4 wastewater treatment facilities and builds and maintains all sewer facilities outside of incorporated areas. It is also responsible for managing the regional drainage program.

Cities within the USA service area, finance and service the sanitary sewer and drainage facilities within their boundaries. Cities bill their customers directly and turn over a percentage (70%) of the sewer collection fee to USA as reimbursement for operation of the treatment facility and maintenance of sewer trunk lines. In addition Cities bill for and turn over 100% of the service fee necessary to pay their share of revenue bond debt service. For all sewer service outside of city boundaries, USA bills directly.

The exception to the above operation is the City of Portland with which USA has a wholesale service contract. The City of Portland bills for service in its area and pays to USA an amount necessary for waste treatment and line maintenance.

USA began in 1970 with a \$36 million G.O. levy and continues to levy a property tax to retire that debt. Since 1987 USA has relied on revenue bonds for debt financing, and will levy no property tax once the original G.O. debt is retired. USA also provides LID administration and

Bancroft Bonding for developing areas within its direct service area. SDC's are charged on a DUE basis for use of facility capacity and for drainage both in direct service and incorporated areas.

The USA arrangement provides several advantages for growth management. These are:

1. Service responsibility and financing authority for a significant amount of the developable area within the Portland Metro UGB.
2. Sufficient size to realize economies of scale and sufficient staffing to allow for sophisticated administrative and financing approaches to be implemented (ie revenue bonds instead of a G.O. tax levy).
3. Service area responsibility coterminous with the drainage area thereby allowing for more effective control of water quality.
4. Ability to establish uniform development charges throughout its service area to prevent "pricing distortion" as a result of many small jurisdictions charging or not charging various prices for capital facilities.

The USA arrangement has the disadvantage of any multi-jurisdictional approach, namely, the need to negotiate contractual understandings with many different governments. However, any service area characterized by a number of independent governments will have this problem to deal with.

Tri - Cities Service District

_____The Tri - Cities Service District is a County Service District administered by the Clackamas County Commission. It provides waste water treatment services to the Cities of West Linn, Gladstone and Oregon City. Service population is approximately 40,000. Presently, the service district operates treatment plants and pump stations via contract with the 3 cities. The cities bill their customers directly and maintain and build all collection facilities within their jurisdictions. They pay the District via contract for operation and maintenance of the pump stations and treatment facilities. About 70% of the present sewer connection fees (\$250 per D.U.) are turned over to the District as compensation for treatment capacity.

The Tri - Cities Service District currently levies \$1.86 per \$1000 of valuation within its service area to pay the debt service on a G.O. bond issue to increase treatment capacity. It has no revenue bond authority (without a vote of the people; same as for G.O.)

The Tri - Cities Service District provides the following advantages:

1. Allows three smaller sized cities to consolidate their sewage treatment operations, conserving space and realizing some economies of scale.

2. Bonded indebtedness is spread over a larger base; thereby increasing debt security and reducing costs.

With regard to growth management the current Tri - Cities Service District arrangement has the disadvantage of requiring cumbersome coordination and public votes to expand plant capacity and provide service. In addition, the financial capacity to actually service land for development remains divided among the three cities. While political decisionmaking remains with the County Commissioners, actual financial decisionmaking occurs among the three city councils when contract terms are stipulated. This approach may not allow for consistent and efficient pricing of capital services necessary for development.

Metropolitan Wastewater Management Commission

This is a County Service District with boundaries coterminous with the Eugene-Springfield incorporated area. It is responsible for operating the Eugene Springfield Metropolitan Waste Treatment Plant (E/SMWTP). The plant was built in 1984 with sufficient capacity to serve the entire area within the Eugene - Springfield UGB. Funding was mainly by EPA Grant with the remainder made up by the participating cities. Operating costs are presently covered via contract with the Cities of Eugene and Springfield.

The Service District runs only the treatment plant. Sewer line maintenance and extension and sewer operations and capital facilities remain under the Cities. Policy issues such as sewer extension including extra territorial provision remain with the cities in conjunction with Lane County.

The Commission and participating Cities jointly determine appropriate rates and financial policies for the Waste Treatment Facility.

Bear Creek Valley Sanitary Authority

The Bear Creek Valley Sanitary Authority serves the Medford - Ashland area and provides sanitary sewers, trunk lines and some drainage services to the unincorporated portions of Jackson County. The waste water treatment plant is operated by the City of Medford on a contract basis with the Bear Creek Valley Sanitary Authority.

The authority is governed by a 5 person elected Board and is organized under O.R.S. Chapter 405.750. The authority covers 208 sq. miles and comprises most all the urban area of Jackson County, the 1990 population of which is roughly 100,000.

The BCVSA employs 16 people to operate and maintain the sanitary sewer system it directly controls. General Fund Budget for 1990- 91 amounts to \$1.6 million including payments to Medford for a proportionate share of wastetreatment plant operating costs.

Cities in Jackson County are responsible for building and maintaining the sewer lines within

their corporate boundaries. Bear Creek is compensated for use of their trunk lines for transport to sewage plant. Recently, Medford and Bear Creek have established a "turf line" which allows sewer provision by whichever jurisdiction can provide the service most efficiently. This results in Bear Creek directly serving some Medford customers and visa-versa.

Medford charges a SDC of \$800 for use of treatment capacity and BCVSA customers pay this along with an operating and maintenance charge to Medford for running the treatment plant.

Presently, all urbanizable areas within Jackson County have sanitary sewer trunk lines available.

B. WATER

South Fork Water Board

The South Fork Water Board is a quasi-municipal corporation established in 1915. It is jointly owned by the Cities of West Linn (46%) and Oregon City (54%). It provides water supply, treatment, pumping facilities and storage to the cities of West Linn, Oregon City and Claremont Water District. Water is supplied from the South Fork of the Clackamas River. The present capacity of the water treatment plant is 20 million gallons per day. South Fork does not provide water distribution services or bill customers.

The operating and maintenance budget of the South Fork Water Board amounts to \$600,000 per year. This is paid by the individual cities which bill their customers directly. All pump stations, supply facilities and water lines within City boundaries are directly built and maintained by the Cities.

Presently, the South Fork water board has no independent financing capacity for G.O. or revenue bond debt issues. The participating cities do not compensate South Fork for the use of existing water supply capacity.

Planning for future supply and compliance with water quality standards is the responsibility of the representatives of the Cities of West Linn and Oregon City. Debt if issued would be issued under the authority of one or both Cities. Presently, West Linn cannot issue debt without a vote of the people.

The South Fork Water Board presents an example where the use of a service district approach allows several small cities to secure a large and reliable water supply at an appropriate distance from urban areas.

Wolf Creek Water District

Wolf Creek Water District serves approximately 100,000 people in the unincorporated portion of eastern Washington County, portions of Beaverton and portions of Hillsboro. Wolf Creek provides water supply and distribution to its customers and purchases it water wholesale from the City of Portland. In 1980 the City of Portland issued \$29 million in bonds to build the "Washington County Supply Line" to provide sufficient capacity for the Wolf Creek Water District. In addition to a wholesale water charge Wolf Creek pays a proportionate share of the debt service cost of the supply line. Concisely, the City of Portland charges Wolf Creek the marginal capital cost of providing water supply to the particular geographic area that Wolf Creek serves. On a per capita basis the annual water supply cost amounts to approximately \$38. By comparison the West Linn per capita water supply cost for operations and maintenance but without compensation for capital facilities is \$19.

Wolf Creek provides for trunk line and storage capital construction with a combination of an \$800 per D.U. SDC and G.O. bond issues (\$3.1 million scheduled for 90-91), with the debt service being funded via a \$2 million per year property tax levy amounting to 75 cents per \$1000 of assessed valuation. Wolf Creek also provides LID and Bancroft Bonding services for water installations in developing areas.

Due to recent annexations Wolf Creek has established agreements with Beaverton and Hillsboro to continue water service to Wolf Creek customers within City boundaries. These agreements like the agreement between Medford and Bear Creek Valley Sanitary Authority establish the precedent of providing service "on a natural service area" basis rather than on the basis of political jurisdiction. The District also allows appropriate rates to be charged within an urban area that are proportional to the cost of serving the area. Paradoxically, absorption into the Portland Water Bureau would considerably reduce rates and require that the entire City of Portland pay for the cost of Wolf Creek Water supply facilities.

City of Portland Water Bureau

Though a City of Portland Bureau, the Portland Water Bureau is also the State's largest water wholesaler; providing water supply to over 200,000 people beyond the 435,000 within the City of Portland. Wholesale customers are primarily Water Districts which are charged a reasonable approximation of the long run marginal cost of water supply to the area the District serves. These charges are passed along as an annual cost of water stipulated in a water sales contract.

The City of Portland Water Bureau, unlike practice elsewhere, directly finances all sewer capital construction for supply, storage and trunk lines within its direct service area. It does not provide LID or Bancroft Bond services for within subdivision distribution systems. Likewise, wholesale customers are responsible to provide their own capital facilities within their geographic boundaries. However, the City of Portland directly provides and finances the major system storage and supply facilities associated with wholesale customer needs. Payment for these facilities is then directly charged to wholesale customers as part of the annual water sales contract.

Most of the City of Portland Water Bureau capital facilities construction cost is financed via G.O. Bond issues; with the debt service being paid by annual service charges to City and wholesale customers. The Portland Water Bureau also charges a \$600 per D.U. SDC to offset some of the facilities cost.

C. FIRE PROTECTION/EMERGENCY RESPONSE

Tualatin Valley Fire and Rescue

The Tualatin Valley Fire and Rescue Service District serves 171,500 people. The service includes eastern Washington County, northwestern Clackamas County, and the Cities of Beaverton, Tigard, Tualatin, Sherwood, King City, Wilsonville and portions of Hillsboro. With the exception of Beaverton and Hillsboro revenues to support the District come directly from a property tax levy of \$19.2 million on an assessed value of \$7.62 billion, for a rate of roughly \$2.52 per \$1000 of assessed valuation.

Service is provided all of Beaverton and parts of Hillsboro via a contract. Contract expense is calculated at 85% of the cities' assessed value (or the value of the area covered) times the Fire District Tax rate. Service is also provided two small West Multnomah County Fire Districts with the same contract arrangement.

The Tualatin Valley Fire and Rescue Service District was formed via a consolidation of the Tualatin Rural Fire Protection District and Washington County RFP no. 1 in 1988. It has an operating budget for 1990 -91 of roughly \$23,000,000 and employs 291 full time personnel operating out of 15 fire stations covering an area of 175 sq. miles.

In regard to development, the Fire District is informed of and participates in the planning of all new developments within its responsibility area. It insures maintenance of emergency access standards, and insures compliance with fire code aspects of building standards. Beyond inspection fees not development fees are dedicated to fire capital and operating requirements.

Fire consolidation in these service areas has allowed for more efficient staffing and reductions in personnel with a resultant lower tax rate despite growth in the service area.

City of Portland Fire Bureau

The City of Portland Fire Bureau as part of Portland's annexation program during the early and mid 1980's consolidated with Multnomah County Fire District 10 and with Clackamas County Fire District 1. The 1989 - 90 Budget amounted to \$47.7 million with service provided 528,000 people of whom 435,000 lived within Portland City limits. The Portland Fire Bureau employs 839 people and covers 124 sq. miles with 33 fire stations.

Areas served outside of Portland's boundaries are provided service via contract. Service cost

is roughly proportional to population (about \$90 per capita inside the City and outside) with the Districts using property tax levies to pay the contract amount. (In 1988 this amounted to \$3.29 for Fire 10 area and \$2.66 per \$1000 for Fire 1.)

The Fire Bureau is informed of development and participates in Fire Code enforcement and emergency access assurance within its service area. Beyond inspection charges no development fees are dedicated to fire capital and operating requirements.

Like the Washington County consolidations these consolidations have allowed for reductions in the number of fire stations and personnel; thereby reducing fire protection/emergency response costs.

D. PARKS/RECREATION

Tualatin Hills Park and Recreation District

Tualatin Hills Park and Recreation District serves 150,000 people in East Washington County and the Cities of Tigard, Beaverton and portions of Hillsboro. It provides direct service throughout its service area providing funding via a property tax and service fees (roughly 23% of income). In 1990 - 91 the total budget amounts to \$7.2 million with the property tax levy providing \$4.4 million of the total operating resources. With the exception of part of Hillsboro where service is provided via contract, the property tax is directly levied throughout the District; both inside and outside of cities.

The District employs 84 people to provide service to over 100 neighborhood parks, several recreation and swim centers, a major sports complex and tennis center, and a greenway system along with other park/recreation sites.

In regard to development the District is informed of all developments and may require donation of a neighborhood park site if the area is determined park deficient. No SDC's are contributed for park development.

Use of the Park Service District that operates independent of City boundaries has the advantage of removing the incentive to locate adjacent to a City that provides parks and consume the service free of charge. Using the service district approach everyone pays regardless of location within the UGB.

SECTION FIVE: ASSESSMENT OF INFRASTRUCTURE DEVELOPMENT

Growth management on Oregon is not working adequately in that it exhibits the following deficiencies:

1. There is a substantial underprovision or non provision of community services as development occurs which results in numerous community facilities operating beyond capacity.

In Section One we describe how the typical development provide the community level services necessary for adequate long term growth. In Section Three we provide case study examples that demonstrate this finding. Even in Washington County, a jurisdiction that actively uses system development charges and impact fees, recovery rate is 30% to 40% of the cost of municipal community services. This disparity becomes even larger when school facilities are included. Presently no revenues are collected to provide for school capacity increases.

2. There are differing standards within a metropolitan area concerning what facilities and services should be provided, what development should pay for and what should be paid from general taxes. As a consequence, development may occur where short term costs to developer are least; and not where it should be most efficiently located. Individual development on large lots outside the UGB is an extreme example of this.

Sections One and Two describe how many local jurisdictions become responsible for capital facilities and operating services as the scale of development becomes larger. These sections also point out that the different jurisdictions have different revenue raising mechanisms, financing authority, debt limits, and governance procedures as well as varying standards regarding community capital facility and operating service levels. In sections Three and Four we note the variance in development charges and the type and amount of community facilities provided as development occurs. In one instance, West Medford, we document a vintage development that is in all likelihood uneconomic to be serviced to urban densities.

3. There is no necessary relationship between growth and the growth of revenues necessary to pay for capital facilities and operating services. Consequently, negatively impacted jurisdictions, those that will not have additional fiscal capacity to adequately serve new population, may be reluctant to accommodate appropriate growth levels.

In section Two and in section Three case studies we establish that Oregon law and individual jurisdictions have not provided usable and comprehensive mechanisms to recover revenue from economic activity related to development. In one instance, West Linn's Tanner Creek, we document that with special agreements and complex legal mechanisms jurisdictions may still lack an incentive to manage urban growth area development, because they are unable to insure that they will have adequate operating funds to pay for newly required services, or in the alternative may not be able to guarantee that once developed, the new areas will consent to being annexed.

4. There exist areas inside the UGB that are designated for growth and expected to grow, but no one jurisdiction is responsible for providing all the necessary services, none (most significantly cities) appear to have the incentive, and some lack fiscal authority for doing so.

In section Two and in section Three case studies we again demonstrate that Oregon law and individual jurisdictions lack consistent, usable and comprehensive mechanisms to recover revenue with which to pay for services requirements resulting from economic activity related to development. In West Linn's Tanner Creek, we document that with special agreements and complex legal mechanisms jurisdictions may still lack an incentive to manage urban growth area development, because it can guarantee that it will acquire tax base sufficient to service projected population.

5. There are facility and service level inconsistencies between similar developing areas within the UGB resulting from different types of governments with differing levels of taxing and revenue raising ability, spending and taxing at substantially differing levels.

Exhibits three and four of section One, illustrate the difference in revenue systems among the jurisdictions responsible for delivering urban services. In addition we discuss in the narrative the substantial service differences between developing areas for police, fire and parks.

6. There are mismatches between revenue raising areas of counties and service responsibility areas of counties, which give rise to "subsidies" from some areas to other areas.

In exhibit four, the section One narrative and case studies for Santa Clara and West Medford, we document that counties receive considerable general revenues based on the entire county area to provide service available only in the unincorporated areas. County spending for roads and police patrol in particular has stimulated partial urban development in advance of comprehensive urban service availability.

7. There is low density development in low tax, low service areas occurring adjacent to high tax, high service areas and consumes the collective public goods provided in the high service area. (i.e., parks, libraries, public safety, roads and streets.)

Our case studies demonstrate this for West Linn's Tanner Creek, Santa Clara River Road and West Medford.

8. There is overlapping and fragmented jurisdictional responsibility for supplying various capital and operating services necessary for appropriate urban development and no one jurisdiction has exclusive choice and coordination responsibility for selecting appropriate development government and finance mechanisms.

In section Two we identify many legal entities responsible for delivering urban services. In the case studies we identify how these entities actually operate with respect to development.

9. The land use planning responsibility of counties does not usually translate into financial and growth management obligation, which tends to be fulfilled by a combination of providers the most significant of which are special districts.

As we demonstrate throughout the study, urban services in urban growth areas are delivered primarily through special districts and cities, mostly special districts. Except for roads and police the counties do not assume responsibility for the provision of other urban level services. We also note the general absence of coordination agreements between counties and special districts implementing counties' comprehensive plans for these areas.

10. Failure of the "growth management system" to provide timely development services can result in areas never achieving the urban densities planned for them.

West Medford and to a significant extent West Linn's Tanner Creek demonstrate the potential for Oregon's ad hoc growth management mechanism to fail entirely. Conversely, they demonstrate the need for legislative solutions recommended elsewhere in this study.

11. The most significant aspect of local government fragmentation with respect to growth management is that any one local government is prevented from establishing appropriate standards and financing mechanisms necessary for efficient and equitable growth. That is because price competition will result in development gravitating toward those areas with greatest amount of development subsidy and discourage development in those areas charging the full community cost of development.

On the other hand, in sections three and four there are a number of examples where growth management is working adequately, despite the handicaps enumerated above. These results can be attributed to the following:

- a. Cities, Counties and Special Districts are unilaterally creating planning, financial and operating agreements to provide the necessary facilities and services.

In section Four we document a number of arrangements in developing areas where special districts and cities, and sometimes cities acting as special districts, have entered into efficient arrangements to provide for developing areas. All five case studies areas have established arrangements to some degree to deal with growth driven development issues.

- b. Some local governments are attempting to identify costs of growth and implement development charges commensurate or proportional to the costs imposed by development.

West Linn's Tanner Creek and Washington County represent examples where governments are attempting to establish a comprehensive financial and service delivery picture for developing areas.

- c. Some local governments are doing in depth facilities planning for large geographic areas greater than 250 acres and identifying all the costs, revenues and governmental jurisdiction necessary to supply capital and operating services. These governments are in effect to the best of their ability requiring concurrence as pre-requisite to permitting development to occur.

West Linn's Tanner Creek and Washington County represent examples where governments are attempting to establish a comprehensive financial and service delivery picture for developing areas.

In sum, the above symptoms of dysfunctional growth management act to provide poor facilities and services, overcrowding of existing services, failure to provide serviced urban land, and growing resistance among local jurisdictions to accommodating growth. We also note isolated instances where local governments are unilaterally addressing these problems; however, such attempts can not be wholly successful without uniform standards for costs and development funding, as shown below.

APPENDIX A

County Service Districts

Under ORS Chapter 451 master plans and service districts are authorized to provide a full panology of capital improvements and municipal type services. These include a full range of sewage, drainage, public parks, diking, water supply, solid waste disposal, roads, libraries, as well such pure services as fire, emergency communications and law enforcement, some directly, and some like "enhanced law enforcement" by contract. Within boundary commission jurisdiction, and therefore subject to its approval, a district can provide fire prevention and protection, hospital and ambulance service, vector control, cemetery maintenance and weather modification.

The County governing board or the council of the Metropolitan Service District¹⁴ must serve as the governing body of the service district. While it is clear that County Service Districts have the capacity to serve as surrogate cities, the typical experience in Oregon is that they are usually single purpose districts. In those rare instances where they provide more than one service, the services are related, such as sewage and drainage.

ORS 451.110-140 grants to the County specific power to prepare master plans for the development of service facilities identified above. The law requires that county's service district master plans have to be coordinated with City as well as its own comprehensive plans.

Under ORS 451.130, after a coordinated master plan has been adopted, the county may enforce such a plan by requiring that plans for the installation or operation of service facilities in areas under county jurisdiction outside the boundaries of cities or in areas within or served by the service district conform to the master plan.

Very significantly, ORS 451.140(3) permits the County in administering the master plans to enter into contracts and agreements with cities, service districts or special districts, or any person or private corporation for a period not to exceed 30 years for the "cooperative financing of the preparation and enforcement of coordinated master plans....".

ORS 451.410 - 610 states that a district may be formed to construct, maintain and operate any and all facilities which were authorized upon formation, unless additional authority is sought later. Districts are formed as provided in ORS 198.705 - 955. A petition or order initiating the formation of the district needs to list the service facilities which will be provided. The county has an option, prior to initiation of the formation of the district to prepare preliminary plans for construction, with estimated costs, recommended boundaries, integration of the proposed facilities into by any other public agency. This provision is also very important because it permits up front

¹⁴ Under ORS 268.335 MSD may establish county service districts for purposes authorized by ORS chapter 268 (MSD statute)

agreement in the formation of the district about future treatment of constructed facilities.

Before proceeding to construct, the governing body is required to make an order under ORS 451.485 determining facilities to be constructed, manner of financing, and if any service to be constructed shall provide services outside the district at some future date, determining the equitable and fair share of the cost which should be borne by such areas, which share shall be borne under a revolving fund.

In case of sewage works, the order shall determine where trunk or interceptor sewers, treatment plants and similar facilities are to be charged to all property owners while lateral sewers, street mains and similar facilities are to be charged only to the property to be served immediately by the system, determining the fair and equitable share of total cost to be charged to areas within the district. If any of the cost of the work is to be assessed against the benefited property, the portions of the district, if any, within which service facilities will not be financed by assessment have to be described.

ORS 451.487 makes the above order subject to referendum, even if the facilities were authorized by election during the formation process of the county district. The referendum may be by county resolution or by petition. Petition must be submitted not later than the 60th day after the order. Under ORS 255.165 the referendum petition requires not less than 10 percent of the total number of votes cast in the district for all candidates for Governor at the most recent election at which a candidate for Governor was elected to a full term.

The district, may in accordance with the adopted order, finance construction, operation or maintenance of service facilities for a district by:

- 1) Use of fund established under ORS 280.055 (A 10 year serial levy for capital construction).
- 2) Use of funds established under ORS 451.540. This section allows establishment of a revolving fund to implement the master plans by levying ad valorem taxes not to exceed 50 cents per \$1000 within areas to be served by the master plan. The boundaries have to be established after a public hearing.
- 3) Assessments against the property in the district with or without issuance of bonds or warrants authorized under ORS 451.530. Those assessments can be Bancrofted under ORS 223.205 - 295, with benefited public property assessed at the same rate as private property. General obligation" bond anticipation notes" or "improvement warrants" under ORS 287.502 - 515 can be issued to cover these expenses without regard to charter debt limitations.
- 4) Service or user charges in the district.
- 5) Connection charges.

- 6) District ad valorem taxes (with voter approval).
- 7) Sale of bonds (GO and Revenue).
- 8) Serial Levy, so long as such a levy except in the fiscal year "later than the fiscal year in which the district is subject to dissolution".
- 9) Any combination of the above.
- 10) Allows financing of connection charges, separate from Bancrofting, at the option of the district, to be a second lien on real property, inferior only to purchase money security interest (mortgage).

Under ORS 451.495 the governing body is required to establish method of assessment by general ordinance. The ordinance is subject to a hearing, and if the district receives written objections prior to conclusion of the hearing signed by more than 50% of the affected property owners representing more than 50% of the affected property, the proposed service facilities shall not be implemented.

ORS 451.495(3) provides that: "Where parcels of land, or portions thereof, are undeveloped, the governing body of the district may, in its discretion, defer assessing or imposing all or any portion of such assessments on such parcels until such parcels are served by the facilities."

ORS 451.500 authorizes bonded debt based on user and service charges (Revenue Bonds). The district may contract with any city or water or other district serving water in the district to collect service or user charges with water bills.

ORS 451.545 authorizes general obligations bonds and revenue bonds. Revenue bonds are not subject to the percentage limitation applicable to general obligation bonds and are not lien upon any of the taxable property, but are payable solely from revenues. The total bonded debt, including Bancroft, may not exceed in the aggregate 13% of true cash value of all property assessable by law within the district. The district may also vote to establish a tax base.

The district has all the standard municipal powers necessary to carry out its mission (ORS 451.550). In addition to the previously identified purposes, a district may be formed for the purpose of providing comprehensive planning, and adopt a comprehensive plan for land use and public facilities. A district with such responsibility shall have an advisory committee of not less than 11 members who are electors or land owners within the district.

The district may enter into any agreement with any city for a period not to exceed 30 years for the cooperative financing of the construction, maintenance and operation of service facilities and with any city or person for the use, lease or joint operation of any service facilities, or any portion thereof.

ORS 451.572 - 577 provide for exclusion or inclusion of other special districts within the county service districts, and for assuming those districts debt obligation.

Under ORS 451.585, whenever the entire area of a district is annexed to a city, the district shall be extinguished and the city shall upon the effective date of such annexation succeed to all the assets and become charged with all the liabilities. Whenever a part less than whole becomes annexed to a city, the city may at any time cause that part to be withdrawn from such district.

APPENDIX B

Urban Renewal (ORS 457)

Local governments in Oregon have made extensive use of tax increment financing to provide infrastructure improvements in certain areas of their jurisdictions.

Tax increment technique requires creation of a carefully drawn district, through an urban renewal plan and report, whose assessed value is "frozen". From that point on, the local government keeps two sets of tax records for the district - one for tax levies and collections on the frozen base and one for levies and collections on any growth in assessed value within the district. The local government continues to distribute the collections from the frozen base to all overlapping tax jurisdictions. The tax collected from the growth of the district's "incremental" assessed value is available to finance capital improvements in the district. Tax increment districts are similar to special or improvement assessment districts except for the means of raising revenue. The former uses a portion of property tax revenues, while the latter relies on a special assessment, in addition to the property tax.

To provide the "up-front" financing needed to construct improvements, governments issue tax increment bonds secured by the taxes to be collected on the growth in assessed value. Bond anticipation notes are also available for up front needs. Investors take two fundamental risks when purchasing tax increment bonds. They assume that sufficient growth in assessed value will occur in the district and that the tax rate applied to that anticipated growth will generate funds sufficient to repay the obligation.

It is important to note that the tax increment district has no control over the tax rate nor over fluctuations in assessments. If the overlapping jurisdictions or the voters (POPS initiative) were to reduce their tax rates, or the assessor chose to devalue portion of the renewal area, the collections of tax increment revenues would likewise drop.

In recognition of the inherent risks, bonds secured by tax increment revenue may, but do not need to, carry local government's general obligation pledge. Tax increment will work when there is new assessed value created that can be captured for further development.

Under POPS tax limitation there is an unresolved question about the effect of the division of rates, schools and municipal services, on tax increment: Whether tax increment rate will be limited to 15+% or whether all tax increment debt is now outside the limitation as a constitutionally authorized assessment.

In Oregon, tax increment financing is available only in urban renewal areas. To have it available a municipality has to establish a renewal agency, typically City Council, but could be county governing board, housing authority or a separate board established by the governing body.

The renewal agency adopts an urban renewal plan and submits a report. With consent of the County, adopted by a resolution, the renewal area can extend beyond City limits. With consent of the City a County renewal area can extend into the City. Only projects identified in an urban renewal plan are eligible for financing.

In order to establish an urban renewal area the area has to be blighted within the statutory definition. Blighted areas are those that by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or existence of unsafe structures is detrimental to safety, health or welfare of the community. Under ORS 457.010 blighted area is characterized by one or more of the following:

- (a) Unfit, dilapidated and unsafe buildings;
- (b) Inadequate provision of sanitation, open spaces and recreation facilities;
- (c) Economic dislocation, deterioration or disuse of property;
- (d) Laying out of property or lots in disregard of contours, drainage, or other physical characteristics;
- (e) Division or subdivision and sale of property lots of irregular form and shape and inadequate size and dimensions for property usefulness and development;
- (f) Existence of inadequate streets and rights-of-way, open spaces and utilities; or
- (g) A growing or total lack of proper utilization of the areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare.

APPENDIX C

Economic Improvement Districts (ORS 223.112-132)

Economic Improvement Districts (EIDs) are limited solely to commercially and industrially zoned land and they must specifically benefit the included lots. The EID assessments are limited to five years. The definition of economic improvement includes:

- (1) planning or management of development and improvement activities;
- (2) landscaping or other maintenance of public areas;
- (3) promotion of commercial activity or public events;
- (4) activities in support of business recruitment and development;
- (5) improvements in parking systems or parking enforcement, and
- (6) any other economic improvement activity for which an assessment may be made on property specially benefited thereby.

The last provision creates some flexibility and an EID could be used to help establish or maintain some form of a commercial area; however, its limitation on levy assessment not to exceed one percent of true cash value of all the real property located in the district, negates the value of this device for up front financing of undeveloped areas.