



MEETING AGENDA

Southeast Area Plan Advisory Committee Meeting #12

MEETING DATE: Thursday, December 17, 2020

MEETING TIME: 5:30 PM – 6:45 PM

LOCATION: Online using Webex. Participation details can be found at:

<https://www.bendoregon.gov/government/citizen-committees/southeast-area-plan-advisory-committee>

PUBLIC COMMENT:

To provide public comments by phone, please call 1-855-282-6330. To receive a call back, provide your phone number when you join the event, or call the number above and enter access code: 146 878 2464###. It is recommended that individuals wishing to provide public comment call in 15 minutes prior to the start of the meeting.

To provide written comments, please email your comments to dsyrnyk@bendoregon.gov by 2:30 p.m. on Thursday, December 17th. Written comments received by this time will be forwarded to the Committee and summarized by Chair Smith.

Objectives

- Forward a SEAPAC recommendation to the Planning Commission to review, refine as needed and recommend to the City Council:
 - SE Area Plan Funding Plan
 - Funding Plan subsection of the SEAP Summary Report

Agenda

1. **Welcome, Introductory Items** (Chair Sharon Smith) – 10 min
 - a. Introductions/conflict of interest disclosures
 - b. Approval of minutes from previous meeting
2. **Public Comment** – 10 min
3. **Agenda Overview and Where We Are in the Process** (Joe Dills) – 5 min
 - a. Schedule and process review

Accessible Meeting Information

This meeting/event location is accessible. Sign language interpreter service, assistive listening devices, materials in alternate format such as Braille, large print, electronic formats and CD Formats, or any other accommodations are available upon advance request. Please contact Damian Syrnyk meeting at dsyrnyk@bendoregon.gov, 541-312,4919. Providing, at least, 3 days' notice prior to the event will help ensure availability.



4. SEAP Funding Plan and Funding Plan Summary (Project Team) – 55 min

This is an action item. The Funding Plan is an advisory document – its guiding advice is in the “Strategies” and “Recommendations to the City Council” sections in the front of the document. SEAPAC may add comments as part of the Committee’s recommendations. Staff will update the Funding Plan subsection of the Summary Report, as needed, to align with SEAPAC’s recommendation.

- a. Staff briefing
- b. Committee discussion (round robin)
- c. Committee vote

5. Thank you and next steps (Damian Syrnyk and Chair Smith) – 5 min

Packet Item No. 1:
Meeting Minutes for SEAPAC
11, December 3, 2020

Minutes

Southeast Area Plan Advisory Committee Meeting #11

Southeast Area Expansion Plan

December 3, 2020

Remote, via WebEx



CITY OF BEND

Committee Members

Ken Atwell, *Member* (observed)

Casey Bergh, *Member* (absent)

Sarah Bodo, *Member*

James Dorofi for Butch Hansen, *Member*

William Hubbert, *Member*

Don Myll, *Member*

Anthony Oddo, *Member*

Jeff Reed, *Member*

Jacob Schumacher, *Member*

Sharon Smith, *Chair*

Rachel Strickland, *Member*

Dixon Ward, *Member* (absent)

Rick Williams, *Member*

Steve Wilson, *Member*

Rachel Zakem, *Member*

City Staff

Dustin Elmore, *Assistant City Engineer*

BreAnne Gale, *Senior Planner*

Russ Grayson, *Community Development Director*

Pauline Hardie, *Senior Planner*

Robin Lewis, *Transportation Engineer*

Ryan Oster, *Engineering & Infrastructure Director*

Allison Platt, *Senior Planner*

Brian Rankin, *Long-range Planning Manager*

Damian Syrnyk, *Senior Planner*

Jenny Umbarger, *Administrative Support*

Sharon Wojda, *Chief Financial Officer*

Consultants

Joe Dills, *Angelo Planning Group*

Kyra Haggart, *Angelo Planning Group*

1. Welcome, Introductory Items

Mr. Dills reviewed virtual meeting guidelines. Chair Smith conducted a roll call of attendance and asked members to disclose conflicts of interest:

- Sharon Smith, employed by Bend-La Pine School District (BLSD) which owns property in the Elbow
- Bruce Hubbert, homeowner in the southeast area
- Jacob Schumacher, family owns property in the Elbow

- Steve Wilson, property owner within the southeast plan area
- Ken Atwell, present during roll call (unable to disclose potential conflicts due to technical issues)
- Rachel Strickland, no conflicts
- Don Myll, no conflicts
- Sarah Bodo, representing Bend Park and Recreation District (BPRD) which owns property within the southeast area
- Butch Hansen, present during roll call (unable to disclose potential conflicts due to technical issues)
 - With committee consensus, James Dorofi substituted for Butch Hansen due to technical issues. James declared no conflicts of interest via the WebEx chat function.
- Rick Williams, no conflicts
- Rachel Zakem, no conflicts
- Tony Oddo, property owner within the Elbow
- Jeff Reed, property owner within the Elbow

Member Myll moved to approve the previous meeting's minutes; Member Zakem seconded. Minutes were approved unanimously.

2. Public Comment

Written public comments were received from Ken Atwell and Christen Brown. Comments were summarized and provided to the committee members prior to the meeting.

3. Agenda Overview and Where We Are in the Process

Mr. Dills reviewed the status of the project and the updated agenda, as outlined in the presentation.

4. Information from the Online Open House

Ms. Haggart reviewed feedback from the online Open House, as outlined in the presentation.

5. SEAP Summary Report and Technical Appendix

Ms. Haggart and Mr. Dills reviewed a summary of changes made to the SEAP (Southeast Area Plan) Summary Report and Technical Appendix, as outlined in the presentation. Mr. Wilson expressed concerns about the location of the boundary delineating the southeast and southwest subareas, recommending that it shift to the irrigation canal in order to accurately represent sewer-related development requirements. Staff noted this as a refinement to the plan.

Member Zakem moved that SEAPAC (Southeast Area Plan Advisory Committee) recommend the SEAP Summary Report and Technical Appendix (without the Funding Plan Summary, and with refinements from this meeting) to the Planning Commission for review, refinement, and recommendation to the City Council. Formatting and clerical refinements to the above may be

made by staff. Member Williams seconded. The motion was approved unanimously (Yes-11, No-0, Abstain-1). James Dorofi abstained from voting. Chair Smith recommended votes be emailed to staff by members unable to participate in the meeting due to technical difficulties.

6. Comprehensive Plan and Development Code Amendments

Ms. Gale and Mr. Syrnyk reviewed recommended Comprehensive Plan and Development Code amendments, as outlined in the presentation. Mr. Reed raised a question regarding the proposed arterial cross section and the plan for a path and bike lanes on one side. Mr. Syrnyk and Robin Lewis responded with some additional background on the purpose for including both elements in the cross section.

Member Zakem moved that SEAPAC recommend the SEAP Implementation Plan, comprised of the draft Comprehensive Plan amendments and draft Development Code amendments (with refinements from this meeting), to the Planning Commission for review, refinement, and recommendation to the City Council. Formatting and clerical refinements to the above may be made by staff. Chair Smith seconded. The motion was approved unanimously (Yes-12, No-0, Abstain-0).

7. SEAP Infrastructure Funding Plan

Mr. Dills reviewed the SEAP Infrastructure Funding Plan, as outlined in the presentation. The committee and staff generally discussed the obligation and timing of property owners developing their properties and paying related fees, as well as the timing impacts and legalities of funding options.

8. Public Comments

No public comment.

9. Next steps

Mr. Dills reviewed next steps in the process, as outlined in the presentation.

Respectfully submitted,

Jenny Umbarger
Damian Syrnyk
Growth Management Department



Accessible Meeting/Alternate Format Notification

This meeting/event location is accessible. Sign and other language interpreter service, assistive listening devices, materials in alternate format such as Braille, large print, electronic formats, language translations or any other accommodations are available upon advance request at no cost. Please contact Jenny Umbarger no later than 24 hours in advance of the meeting at jeumbarger@bendoregon.gov, 541-323-8509, or fax 541-385-6676. Providing at least 3 days' notice prior to the event will help ensure availability.

DRAFT

Packet Item No. 2:
Southeast Area Plan
Funding Plan



Southeast Expansion Area Funding Plan

PREPARED FOR: Southeast Area Plan Advisory Committee

PREPARED BY: Project Team

DATE: December 3, 2020

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Purpose

The purposes of the Southeast Area Funding Plan are to:

1. Identify funding strategies and recommendations needed to fund infrastructure for the Southeast Area Plan (SEAP).
2. Describe key issues, opportunities, and challenges for infrastructure funding.
3. Summarize the major transportation and sanitary sewer infrastructure, and their costs, needed to support development of the plan.
4. Estimate development-related revenue potentially generated by the plan.
5. Describe potential funding tools.

The Funding Plan as a Flexible “Action Plan”

The SEAP Funding Plan is an “Action Plan” intended as part of the adoption package for the SEAP. In Bend’s Comprehensive Plan, “Action Items” are advisory recommendations that set a direction for plan and policy implementation (in this case, the direction for SEAP infrastructure funding) while retaining flexibility for the specifics of that implementation.

This Funding Plan provides guidance for funding needs, tools and strategies, while recognizing the potential for unique solutions to be identified and implemented in the future. This approach is particularly suited to the funding of SEAP infrastructure because of: (1) the dynamic nature of development in Southeast Bend; and, (2) the unknowns regarding the timing of annexation and development of properties within the SEAP boundary.

The funding plan is needed because the City, on its own, does not have the capability, nor is it required, to fully fund all of the infrastructure needed for development within the SEAP area. Funding for infrastructure to serve areas of new development is typically funded through a mix of private development sources and government sources, many of which are discussed in this memorandum. This Funding Plan describes how infrastructure needed for the SEAP Area can be funded. The approach will require a combination of existing sources from the City, new funding tools, and private property owner/developer contributions. *Funding decisions will be made by the City Council in the future. This plan recognizes that further study of, and options for, specific funding methods may be required.*

Methods

This Funding Plan was created through a collaborative process involving discussions with the Southeast Area Project Advisory Committee (SEAPAC), technical work by the project team, and extensive coordination with infrastructure stakeholders. The process, and this plan, focused on transportation and sanitary sewer master planning and funding strategies. Water infrastructure and funding will be identified by the Avion Water Company, in coordination with the City. Storm water infrastructure will be required of developers as part of the development review process. Parks planning has been integrated into the SEAP process, but development and funding of parks will be led by the Bend Park & Recreation District.

The process was iterative, but generally followed the steps listed below:

- **Land use and transportation planning:** Land use and development assumptions, by plan designation, were derived from the SEAP Land Use Plan. These data provided the basis for infrastructure planning and revenue projections.
- **Infrastructure projects and costs:** Project cost estimates were collected for transportation and sanitary sewer infrastructure. Cost estimates for the project were provided by Kittelson & Associates, Inc. (transportation) and Murraysmith/Jacobs (sanitary sewer), and further refined by City staff.
- **Revenue forecasting:** ECONorthwest developed revenue projections to estimate the amount of revenue that would be generated from applicable funding tools.
- **Coordination:** City staff undertook extensive coordination with: potential developers for the Department of State Lands (DSL) property; developers for the “Easton” project adjacent to SEAP (a master plan was approved by the City while this plan was being prepared); the updated Bend Transportation System Plan (also approved during the SEAP process); and, the Oregon Department of Transportation.

- **Funding Plan:** The findings from these steps led to the development of this report.

Stakeholder engagement and partner consultations took place intermittently across all of these steps.

SEAP Funding Strategies and Recommendations

The **funding strategies** described below are high-level approaches intended to support the successful funding of infrastructure for the SE Expansion Area. The **recommendations to the City Council** are recommended actions—a set of steps for evaluating and making decisions about specific funding solutions. Together, the strategies and recommendations comprise the “flexible action plan” described on page one of this report.

Funding Strategy

The overall strategies for funding SEAP infrastructure are to:

1. Use a variety of funding tools that can be flexibly applied as Council decisions are made and conditions change over time.
2. Proactively coordinate cost-sharing between the SEAP project area and other areas of development in Southeast Bend (e.g. DSL and Easton).
3. Evaluate and implement areawide funding tools (e.g. supplemental system development charges) needed to catalyze infrastructure development. Provide flexibility for interim infrastructure solutions (e.g. sewer connection) that allow initial SEAP development to proceed prior to long term solutions being implemented.

Recommendations to the City Council

The project team recommends that the Council undertake the following actions:

1. **Adopt the SEAP Funding Plan as part of the SE Area Plan package.** The Funding Plan will be a guiding “Action Plan” that provides direction but also flexibility for future Council decisions.
2. **Following adoption of SEAP, evaluate a package of transportation improvements to be funded by a new, Supplemental Transportation SDC (TSDC).** An initial project list is included in this Funding Plan. The final list should be coordinated with updated information on how other projects will be potentially funded in SE Bend.
3. **Direct staff to scope the upcoming Sewer Master Plan Update to ensure that plan evaluates how the SEAP east sewer system could be implemented,** including: evaluation of the east sewer system as a City-led project; inclusion of east SEAP as part of the City’s CIP program for trunk sewer improvements; and, how the City could be reimbursed for its up-front investments. In the interim, this recommendation would not preclude negotiation of interim sewer implementation strategies for individual properties or developments.

These funding strategies and recommendations were developed after careful consideration of both the challenges and opportunities discovered through the SEAP process, which are described below.

Issues, Challenges and Opportunities

The following is a summary of issues and challenges that must be addressed to arrive at a viable infrastructure funding strategy for the SE Expansion Area.

- **The SE Expansion Area has many properties and development is likely to occur incrementally.** There are 27 individual ownerships within the SE Expansion Area. In 2020, there are only a few properties in SEAP known that intend to develop in the near term. While the number of property owners may change over time, the funding plan should not rely on an assumption of a “master developer” approach as has been done with Bend’s West and Northeast expansion areas. Rather, the funding plan should work if the parcel pattern stays largely the same as we see today, and the area develops in a series of relatively small, individual projects. However, the plan should be flexible enough to accommodate future property consolidation.
- **Sewer in the “East Catchment Area” is a significant capital investment and will span many properties. City leadership will be needed to coordinate and build the east sewer system.** The SE Expansion Area contains two drainage basins that dictate how and where new sewer infrastructure can be developed. The “East Catchment Area” drains east and requires new gravity lines, a pump station, and force mains. There are three main challenges for the East Catchment Area system:
 - At an estimated cost of \$15.6 million for east basin-related improvements, it is assumed that no single development could afford to build the needed improvements;
 - The routing and location of the facilities are such that they are “off-site” from most of the properties they will serve; and,
 - Except for areas near Ferguson Road which could potentially be served by gravity or interim facilities, no urban development can occur in the East Catchment Area until a majority of the complete system is built and operational.

The “West Catchment Area” drains west and can be served by gravity systems that largely exist today, or that will be in place soon. The “West Catchment Area” sewer projects are being developed concurrently with ongoing and expected development.

- **Roundabouts are needed but are costly and will require an area-wide funding tool.** The three roundabouts in the eastern part of the plan area are the appropriate intersection treatments at 27th/Ferguson, 27th/Diamondback, and the internal intersection of the two new collectors. Per the transportation analysis, they will safely manage the expected future traffic volumes. They are estimated to cost \$3.8 million each, which is likely too high a cost for most development projects to carry alone. Each roundabout serves multiple properties and the network as a whole, so an “area-wide” funding tool, such as a Supplemental Transportation System Development Charge for transportation improvements in the Southeast Expansion Area or a Local Improvement District, is needed to fund them. They may not be needed on “day one”, so there is an opportunity to collect funds over time and fund them at a targeted point in the future.
- **Funding tools and their revenue streams need to consider the timing of infrastructure improvements (and vice versa).** There are several types of funding tools that could be deployed to fund SE Expansion Area infrastructure (see page 12).

Each of these funding tools has its own mechanism for collecting revenue and allocating it to projects. Some, like a Local Improvement District, enable the City to use “day one” cash flows to borrow money to support infrastructure projects. Others, like System Development Charges, collect fees linked to new development and therefore delay borrowing for infrastructure projects until cash flows have accumulated.

- **Alignment is needed between the timing of development and the timing of infrastructure – phased infrastructure can help.** If a funding tool is chosen that relies on new development but development cannot happen without new infrastructure, how can development move forward? The implication of this issue is that timing and phasing considerations must be brought to the forefront when selecting an infrastructure funding option.
- **There is an opportunity to streamline transportation reviews and the allocation of cost responsibilities to proposed development.** Development in Bend, as in most cities, typically undergoes a cycle of transportation analysis during the development review process. The typical steps are: developer’s proposal; transportation analysis and determination of impacts; and then, decisions regarding the transportation improvement obligations by the developer.

Incremental transportation analyses occur project by project and are time consuming and duplicative for all parties. The City of Bend is working to streamline and clarify this process and has had recent successes negotiating master plan agreements in the West and Northeast expansion areas. These agreements identify—up front—which transportation improvements are required and when they must be built. For the SE Area Plan, the question is: how might a similar process be created that works for the likely incremental development pattern and multiple annexation agreements that will occur?

- **There is a significant opportunity for cost sharing and infrastructure coordination between major developments in Southeast Bend.** There are opportunities for infrastructure cost sharing—specifically between SEAP, and the Easton and DSL properties. Determining specific cost allocations will require time, negotiation, and Council review.

The following is a discussion of SEAP projects costs, expected revenue streams, and available funding tools. This is followed by a preliminary analysis of potential SEAP funding packages.

Infrastructure Projects and Costs

Transportation

The City of Bend's adopted and acknowledged 2020 Transportation System Plan (TSP) update identifies and includes 15 projects that will support development in the SEAP Area, including new roads, new roundabouts, trails and multi-use paths, and, street and frontage improvements, as well as off-site improvements on the ODOT system. The initial estimated cost for projects that would need to be included in the SEAP Funding Plan was \$49.3 million. Since then, several updates including recent development approvals and activity, passage of the City's General Obligation (GO) Bond, project cost refinements, and further analysis to understand transportation mitigations between SEAP and DSL have resulted in a cost estimate that is now closer to \$41.6 million. The timeframe for development of this system is estimated at 20+ years.

The following is a summary of the transportation improvements needed in the Southeast Area to support full buildout of the SEAP Area (see Exhibit 1. Transportation Projects and Cost Estimates (2019 dollars)). Several of these projects have identified funding sources including the recent voter-approved GO Bond that will provide the City with the funding needed to construct the 15th/Ferguson roundabout improvement for example. Current improvements to Murphy Road are being funded by the City's existing Capital Improvement Program (CIP), which is funded through a blend of Transportation System Development Charges and Franchise Fees. Other projects have been or are expected to be triggered and mitigated by adjacent private development, such as a roundabout at 15th Street and the new east-west collector at the west end of the Easton master plan. Projects that have identified and expected funding sources are therefore excluded from the SEAP Funding Plan total costs, as depicted in Exhibit 1.

Like all expansion areas in Bend, the SEAP Area must demonstrate how the Oregon's Transportation Planning Rule (TPR, OAR 660-012) has been met. For the recently annexed Westside Area and Petrosa Master Plan area, a per-trip fee was calculated and adopted by agreement as the tool for coordinating a proportional contribution to the state system and complying with the TPR. For the Discovery West development project in the Westside Area, a \$229 fee per trip was apportioned by development phase and tied to the project's estimated proportionate share of growth trips that would affect ODOT facilities. A similar approach will be used for allocating TPR fees in the SEAP Area. The City of Bend is currently in discussions with ODOT about TPR compliance. The TPR fee for the SEAP Area has yet to be established. Therefore, off-site improvements needed on the ODOT system are not included in Exhibit 1.

Exhibit 1. Transportation Projects and Cost Estimates (2019 dollars)

Location	Mitigation	Estimated SEAP Costs or Identified Funding Source
15th St / Ferguson Rd	Single Lane Roundabout	Included in GO Bond (City-led)
27th St / Ferguson Rd	Single Lane Roundabout	\$3,800,000
China Hat Rd / Knott Rd	Single Lane Roundabout	Citywide TSDC eligible ⁽¹⁾ (not programmed)
Knott Rd / Country Club Dr	Single Lane Roundabout	Citywide TSDC eligible (not programmed)
15th St / Reed Market Rd	Expand to a Multilane Roundabout	Included in GO Bond (City-led)/Citywide TSDC eligible
27th St / Diamondback Ln	Single Lane Roundabout	\$3,800,000
Knott Rd / Brosterhous Rd	Single Lane Roundabout	Built by Others
Murphy Rd / Country Club Dr	Single Lane Roundabout	Paid through Citywide TSDC (Murphy Corridor Project)
27th St / Reed Market Rd	Multilane Roundabout	Built by Others
15th St / New Road #1 (SE Caldera Drive)	Single Lane Roundabout	Built by Others
East-West Collector	New Road	\$7,400,000
Local Framework Road	New Road	\$2,100,000
North-South Collector	New Road	\$9,000,000
East-West Collector/North-South Collector Roundabout	Single Lane Roundabout	\$3,800,000
Knott Rd / 27 th St ⁽³⁾	Frontage Improvements including two TWSC ⁽²⁾ improvements	\$11,700,000 ⁽⁵⁾
TOTAL Costs ⁽⁴⁾	-	\$41,600,000

Source: Kittelson Associates.

(1) Note: "TSDC" is an acronym for Transportation System Development Charges.

(2) Note: "TWSC" is an acronym for two-way stop-controlled intersection.

(3) Note: Knott/27th Street costs include a ¾ build of a 3-lane arterial including turn lane improvements and pedestrian and bicycle facilities (multi-use path) on the side of facility within the UGB.

(4) Note: Cost estimates are based on the ongoing TSP update using \$2018 plus a 3% construction cost index escalation for purposes of the SEAP Funding Plan. They assume the City is in the lead to build and construct projects, some estimates such as the 27th/Knott frontage costs have been refined through SEAP analysis. Additional cost estimate adjustments may occur as the transportation mitigation package is further refined.

(5) Note: For purposes of Funding Packages discussed later in the memo, a portion of the Knott/27th project costs were split into a portion assumed to be paid by private development (\$1.45M) and remaining costs that were considered in the TSDC calculation (\$10.26M).

Sewer

A Southeast Area Sewer Plan was prepared by Murraysmith/Jacobs.¹ It identifies nine needed infrastructure projects: seven (7) gravity lines, one (1) force main, and one (1) pump station. The Class 5 estimate cost for all of these projects ranges is \$18.4 million for the total system, and \$15.6 million when assumptions for already-programmed improvements are subtracted as noted in Exhibit 2. These are area-wide improvements needed to serve both the SEAP area as well as some adjacent properties and areas including the 15th Street Opportunity Area (Easton Master Plan) and existing residential neighborhoods in the Southeast. Project costs do not include individual property connections that would be developed through the land entitlement process.

The sewer plan divides the SE Area into east and west “catchment areas” based on topography and gravity flow. Planning level system improvements and infrastructure costs for the catchment areas are listed below.

- **The East Catchment Area** (364 acres²) encompasses three gravity lines (i.e. gravity lines 2, 4, and 6), the force main (line 5), and the pump station. The Class 5 estimated costs for these projects is \$15.6 million.
- **The West Catchment Area** (79 acres²) encompasses four gravity lines (gravity line 1, 3a, 3b, and 3c). All four lines are either constructed or assumed to be programmed for construction and are therefore not included in the SEAP Funding Plan

Total estimated sewer infrastructure costs are summarized in Exhibit 2 and the projects are displayed in Exhibit 3.

¹ Southeast Area Plan, Sewer Concept Plan Technical Memorandum from Jacobs and Murraysmith to City of Bend regarding On-Call Modeling, Waste Water Collection. Dated November 25, 2019 and presented to SEAPAC at the December 3, 2019 meeting.

² Acreage totals for east and west catchment area assume land that is available for development, excluding developed land and non-developable land needed for right of way, open space and “other uses” that are neither housing nor employment such as churches.

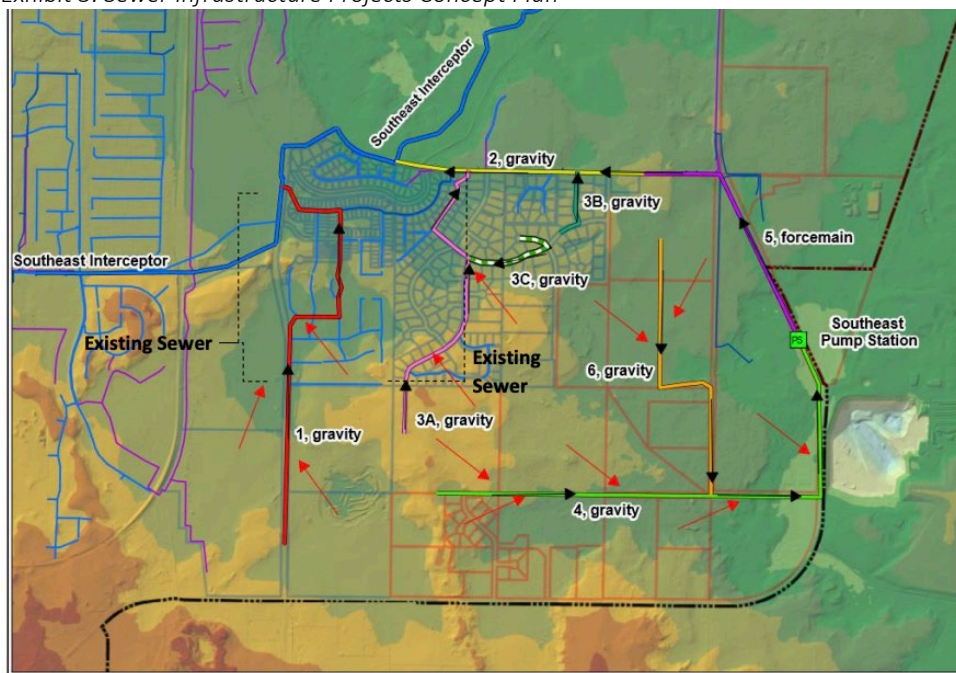
Exhibit 2. Sewer Infrastructure Projects and (Class 5) Cost Estimates (2019 dollars)

Infrastructure	Estimated SEAP Costs or Identified Funding Source
1 – gravity	Built by Private Development
2 – gravity	\$1.9 million
3a – gravity	Funded by Citywide Rates/Programs
3b – gravity	Funded by Citywide Rates/Programs
3c – gravity	Funded by City Septic to Sewer Program
4 – gravity	\$4.1 million
5 – force main	\$1.8 million
6 – gravity	\$2.7 million
Pump Station	\$5.1 million
TOTAL SEAP Costs	\$15.6 million

Source: Jacobs and Murraysmith.

- (1) Cost estimates are intended to be used as guidance. They are Class 5 planning level estimates based on information available at the time of the estimate. Estimates exclude land acquisition, financing, and inflation.
- (2) Identified funding sources are assumptions. Final decisions on funding from citywide rates/programs are made by the City Council.

Exhibit 3. Sewer Infrastructure Projects Concept Plan



Source: Jacobs and Murraysmith.

In addition, the City is exploring alternative sewer facility options that could serve both the Department of State Lands (DSL) site as well as the Southeast Area. As this analysis is further explored, the system costs and proportion attributable to SEAP development may change. This

on-going cost refinement and coordination for the area’s sanitary sewer system is an example of why a flexible funding strategy is the best approach for the SEAP Funding Plan.

Summary of Total Infrastructure Costs

Combined, the SEAP sewer and transportation infrastructure costs without presently identified funding sources are estimated to be \$57.2 million, in addition to projects identified above as being funded by others, SDCs, sewer rates, or the City’s GO Bond. Any solution to the infrastructure challenges will involve substantial private investment, which includes investment from property owners and or developers in the Southeast Area. It is important to note that this analysis and Funding Plan does not consider water infrastructure costs needed for the area, which will be determined by the Avion Water Company.

Exhibit 4. Summary of Estimated Infrastructure Costs (Planning Level 5), SEAP Area

	Estimated Infrastructure Costs
Sewer	\$15,600,000
Transportation	\$41,600,000
TOTAL Costs	\$57,200,000

Source: Jacobs, Murraysmith, and Kittelson Associations.

Note: Estimated water infrastructure costs are unknown as of this date.

SEAP Revenue

Development of the SE Expansion Area will add hundreds of new homes and space for dozens of businesses to the City of Bend. Once complete, the area is projected to house over 3,000 residents in over 1,200 housing units and contain over 2,800 jobs. In this way, the new community will add to the vitality of Bend by providing homes, jobs, and community destinations for the City's growing population and economy, consistent with Bend's Comprehensive Plan.

The development of the SEAP project area will also provide the City with additional sources of revenue to fund services and capital projects. In addition to property taxes, city-wide system development charges and utility fees resulting from SE Expansion Area development will support infrastructure projects citywide. We have conducted a threshold-level analysis of three revenue sources that will result from SE Expansion Area development. These sources are:

- Transportation System Development Charges³
- Sewer System Development Charges
- Sewer Utility Fee

The analysis shows that system development charges from SE Expansion Area development would provide over \$36 million for citywide infrastructure projects. In addition, over \$940,000 in annual sewer fees would be collected on an ongoing basis (Exhibit 5).

Exhibit 5. Summary of Estimated Revenue Potential from Existing, City-wide Revenue Sources, SE Expansion Area (at full build-out)

	Transportation SDC Revenue Estimate (Total)	Sewer SDC Revenue Estimate (Total)	Sewer Utility Fee Revenue Estimate (Annual)
Residential Development	\$7,745,000	\$5,572,000	\$641,000
Commercial Development	\$19,951,000	\$3,532,000	\$303,000
Total	\$27,696,000	\$9,104,000	\$944,000

Source: Calculations by ECONorthwest using Envision development assumptions and the City of Bend's 2020-2021 Fee Schedule.

For more detailed tables and assumptions, see Appendix A.

³ Based on findings from Bend's Transportation System Plan: all existing, city-wide transportation SDC revenues generated in Bend, including revenue produced from SE Expansion Area development, is assumed to be committed to paying debt obligations on transportation projects that have *already* been built or to projects in the City's existing Capital Improvement Program. This pre-allocation of revenue is anticipated through 2030. In 2031 through 2040, it is also likely that existing city-wide transportation SDC revenue will be pre-committed to on-going debt payments.

Non-committed transportation SDC revenue at the City's existing rate and/or additional city-wide transportation SDC revenue generated through a rate increase is assumed to go toward prioritized transportation projects identified in Bend's Transportation System Plan. Some of these transportation projects are located in the SE Expansion Area and are currently eligible to receive these funds.

Funding Tools

This section describes funding tools that hold the most promise for application in the SE Expansion Area. It is organized by infrastructure type; with a description of transportation tools first, followed by descriptions of funding tools for sewer infrastructure. Funding tools for water infrastructure are not included in the discussion as these are the responsibility of the Avion Water Company.

The intent of this section is to provide the reader with an understanding of how each of the funding tools function and key considerations for their use. The *Potential Funding Packages* section later in this document describes how these tools can be combined to deliver infrastructure to the SE Expansion Area.

Transportation Funding Tools

The City has one primary, existing tool which may be used to fund transportation infrastructure projects:

- **City-wide Transportation System Development Charge (TSDC).** TSDCs are charges on new development, and some redevelopment, which occurs within the City. Revenues are used to fund growth-related capital improvements that are on the City's adopted TSDC project list, as prioritized by the City Council. Projects can only be funded if they are on the adopted TSDC project list. The existing TSDC list does not include projects within SEAP, as the project list was developed in 2011 prior to the SEAP area's inclusion in the UGB. However, the list does include projects within existing City limits that benefit the SEAP area, which is how, for example, the Murphy overcrossing, is funded. Transportation projects that benefit the SEAP Area could be added to the TSDC list.

The City's TSDC rate for fiscal year 2020-21 is \$8,136 per single family dwelling (SFD). This rate is not the maximum possible under the current methodology. A revision of the methodology and/or project list could result in a higher rate and additional funding. The City is planning to revisit the TSDC methodology and project list in 2021. Projects that are currently TSDC-eligible are presented in Exhibit 1⁴.

In addition to the city-wide TSDCs, Bend voters recently approved a general obligation bond to pay for transportation improvements.

- **Safe Travel & Traffic Improvements General Obligation (GO) Bond.**⁵ On November 3, 2020, City of Bend voters approved Transportation Bond Measure 9-135. The bond will provide funding for specific transportation projects identified in the bond package. SEAP Projects included in the GO Bond include the Ferguson Road/15th Street intersection improvements and the Reed Market/15th intersection as part of a larger Reed Market Overcrossing project. In addition, the GO Bond provides funding for 12 key walking and bicycling routes including funds to implement the east-west and north-south multi-use paths envisioned in the area.

Additional funding tools will be needed to fully address the transportation infrastructure needs of the SEAP Area. We anticipate that a combination of the following tools will be needed to

⁴ Citywide TSDC eligible projects have been excluded from the SE Expansion Area funding analysis as they are assumed to be funded.

⁵ For more information about the GO Bond: <https://www.bendoregon.gov/city-projects/safe-travel>

address the Area's transportation infrastructure needs. All of these funding tools can only be applied after annexation into City limits⁶. At this time, all the SEAP properties are outside of City limits. Despite this condition, there are options for a phased approach. Properties that share benefits from a transportation project and that are jointly ready to annex into the City could form an LID or reimbursement district. In a later phase, a secondary LID or reimbursement district could be formed for more area-wide transportation improvements.

- **Supplemental TSDC.** Supplemental TSDCs are additional one-time fees that are typically paid at the time of building permit issuance. These fees are in addition to the City-wide TSDCs. These fees are paid by new development within a defined geographic area for TSDC-eligible capital projects that increase capacity and benefit/serve the defined area. TSDCs are therefore potentially applicable for the SE Expansion Area. A supplemental TSDC can be implemented by City Council without a public vote.
- **Local Improvement Districts (LIDs).** LIDs are a type of special assessment district where property owners within an established LID boundary are assessed a fee to pay for capital improvements that benefit those properties. The LID assessment begins once the district is formed and does not wait for the property to develop (unlike a reimbursement district, discussed below). LIDs may be appropriate for use in the SEAP Area to finance infrastructure that is needed to develop properties within subareas of the SEAP, or possibly the area as a whole. The City already has regulations that allow LIDs. However, to date LIDs have not been widely used for transportation infrastructure in the Bend area.
- **Reimbursement District:** A reimbursement district is a cost sharing mechanism, typically initiated by a developer. The purpose is to reimburse the developer that constructs an improvement that benefits multiple properties (or an entire area) through fees paid by benefitted property owners at the time those other properties develop. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the initial development. Much like an LID, the City's Municipal Code governs the creation and structure of Reimbursement Districts but does not currently authorize district creation in areas that are not annexed into the City.

Sewer Funding Tools

The City has two primary infrastructure funding tools for sewer; a sewer system development charge (SSDC) and a sewer utility fee. The SSDC is levied on new development. Residents and commercial businesses are responsible for paying the sewer utility fee once their sewer service is available and connected. These two tools are defined as follows:

- **Sewer System Development Charge (SSDC).** SSDCs are charges on new development, and some redevelopment, which occurs within the City. Revenues are used to fund growth-related capital improvements that are on the City's adopted SSDC project list, as prioritized by Council. The SSDC is based on equivalent dwelling units (EDU). The fiscal year 2020-21 SSDC rate is \$4,974 per single-family dwelling, duplex (per unit), and townhome (per unit). The rate for multifamily housing and mobile homes in parks is \$3,979 (per unit). Motels, board, and rooming houses

⁶ Some funding tools can be implemented concurrently or roughly concurrently with property annexation into the city. Annexation and each of the funding tools have their own independent processes, which may be capable of occurring on corresponding timelines so that annexation and funding tool implementation are at least roughly contemporaneous.

is \$1,990 per room. Currently, there are no eligible SEAP Area sewer projects on the Sewer SDC list. Important to the use of SDCs in the SE Area, the Bend City Code has a “common scheme” policy that allows adjacent properties to pool SDCs. This means that SDC costs could be shared between multiple property owners, in some cases easing the cost burden on individual properties.

- **Sewer Utility Fee.** A sewer utility fee is typically assessed to all businesses and households in a jurisdiction or geographic area. The City already imposes a monthly sewer utility fee and could consider increasing the city-wide utility rate. The fiscal year 2020-21 utility rate for a single-family dwelling unit is \$37.51 per month, plus \$3.93 per 100 cubic feet of average winter quarter water usage (WQA). The charge for multifamily dwelling units includes base rate of \$14.82 per month, plus \$3.93 per 100 cubic feet of WQA. The non-residential customer rate includes a base rate of \$37.51 per month, plus \$3.93 per 100 cubic feet of WQA.

In addition to these currently established funding tools, the City could rely on other new tools to fund sewer projects:

- **Supplemental SSDC.** Supplemental Sewer SDCs are additional one-time fees that are typically paid at the time of building permit issuance. These fees are in addition to the City-wide SSDCs. These fees are paid by new development within a defined geographic area and are therefore potentially applicable for the SE Expansion Area. Supplemental SSDC funds may be used for SSDC-eligible capital projects that increase capacity and benefit/serve the defined area, or to reimburse the City for City projects funded through existing revenue sources or debt. A supplemental SSDC can be implemented without a public vote.
- **Supplemental Sewer Utility Fee.** As noted above, a Supplemental Sewer Utility Fee can be applied to a specific geographic area. This fee would be layered on top of the citywide utility fee. If created for the purpose of reimbursing capital investments by the City (such as for the SEAP east sewer system), it would be calibrated to recapture a target amount of revenue over an estimated period of time. This fee could be used in combination with other tools, such as a Supplemental SSDC, to spread reimbursement over multiple sources of revenue.
- **Local Improvement District (LID).** As stated in the transportation section, a LID is a type of special assessment district where adjacent property owners are assessed a fee to pay for capital improvements that are necessary to serve new development within the LID boundary. Projects that benefit multiple property owners in the SE Expansion Area may be funded by LID assessments. LIDs allow for cost-sharing among property owners that need the same costly infrastructure to develop their properties; it removes the burden of these costly projects from one developer alone. The City has previously had successful sewer LID projects, for projects that ranged from approximately \$88,000 to \$4.4 million. Like a LID that would fund transportation infrastructure, properties that would benefit from the LID would need to be annexed into the City prior to the LIDs formation.
- **Reimbursement District.** As previously discussed, reimbursement districts are a cost sharing mechanism, typically initiated by a developer. Sewer improvements are eligible projects as long as they demonstrate benefit to properties beyond their own. Properties must be annexed into the City prior to the district’s formation.

Potential Funding Packages for Backbone Infrastructure – A Preliminary Analysis

Potential SEAP Funding Packages

To better understand how the SEAP Funding Plan could be implemented, the project team tested various funding packages using a variety of funding tools. Exhibit 6 summarizes the packages tested—they are labeled Backbone Options A-1, A-2 and Option B. These packages strive to enable near-term development by funding specific “backbone” infrastructure projects—those that are essential for unlocking multiple properties. The intent is to catalyze new development, while building momentum and accruing infrastructure supportive fees at the same time. In addition, the team tested a “Minimal City Contribution” option, in which property owners and developers are individually responsible for paying for the infrastructure of their properties to enable onsite development.

Increasingly, and in light of the COVID-19 pandemic related downturn in the economy, the City’s preferred funding approach has centered toward selecting these types of “backbone” approaches where targeted public funds are used catalyze private investment. The Minimal City Contribution option is presented to understand the implications if the City is to provide a minimal monetary contribution to support infrastructure delivery in the Southeast Area.

Exhibit 6. Potential SEAP Funding Packages – Test Packages for Analysis

Baseline Assumptions	Backbone Options A-1 & A-2	Backbone Option B	Minimal City Contribution
<p>Transportation</p> <p><i>Base assumptions</i> in all Options assume that all internal roadways and paths are paid by private development:</p> <ul style="list-style-type: none"> • East-West Collector • North-South Collector • Local Framework Road • Multi-use paths 	<p>Below projects paid by developers through a Supplemental T-SDC⁷:</p> <ul style="list-style-type: none"> • 27th/Diamondback Roundabout • East-West Collector/North-South Collector Roundabout • 50% of costs for Knott Rd/27th Street frontage improvements⁸, remaining 50% paid by private development 	<p>Same Supplemental T-SDC as Backbone Options A-1 & A-2.</p>	<p>All transportation projects, without identified funding sources, are 100% developer funded without additional support from the City through funding tools.</p>
	<p>27th/Ferguson Roundabout: 50% of costs are paid by others and 50% is paid by Southeast Area private development.</p>	<p>27th/Ferguson Roundabout is added to Citywide TSDC list.</p>	
<p>Sewer</p> <p><i>Base assumptions</i> include the following:</p> <ul style="list-style-type: none"> • 100% of Gravity Line 3a, 3b and 3c are funded through citywide rates and programs (ie. Septic to Sewer) • Gravity line 1 is built by development projects (e.g. Caldera High School). 	<p>City funds Gravity Line 2 through citywide rates and programs.</p> <p><i>Portion of east basin projects paid with an LID, remaining paid by City rates:</i></p> <ul style="list-style-type: none"> • Gravity Lines 4, 6 • Force Main • Pump Station <p>Option A-1: 50% funded with LID, 50% City of Bend</p> <p>Option A-2: 75% funded with LID, 25% City of Bend</p>	<p>City funds/builds major sewer infrastructure needs in East Basin including:</p> <ul style="list-style-type: none"> • Gravity Line 2 • Force Main (Line 5) • Pump Station <p>Remaining gravity lines funded by private development:</p> <ul style="list-style-type: none"> • Gravity Lines 4,6 	<p>100% of east basin projects paid by private development, without support from additional funding tools.</p>

⁷ For purposes of the Supplemental T-SDC calculations, the Ward & Wilson properties were excluded. It is likely that development of these properties will precede SEAP funding tool implementation.

⁸ Project costs include a ¼ build of a 3-lane arterial that includes a multi-use path within the Urban Growth Boundary and the roadway built to the curb (including curb) to the Urban Growth Boundary side of the street. For purposes of the supplemental T-SDC analysis, frontage improvement costs on the Ward property were excluded from the analysis.

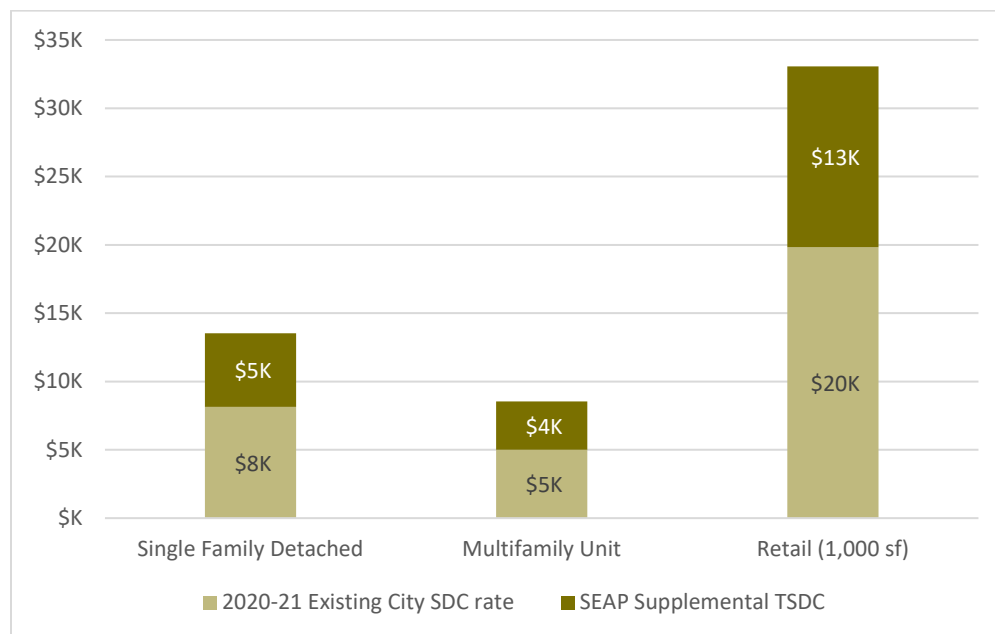
Analysis

Transportation

With the above-listed assumptions, the new Supplemental TSDC would raise approximately \$12.7 million over time to support the development of the 27th/Diamondback Roundabout, E-W Collector/N-S Collector Roundabout and half of the Knott Rd/27 Street frontage improvements⁷.

Exhibit 7 provides an estimate of the tested Supplemental TSDC⁹ in addition to existing TSDCs for three example development types¹⁰. In this tested package, it is estimated that a single family detached unit would pay a supplemental TSDC of \$5,400 in addition to the existing citywide rate of \$8,136 resulting in a total fee of \$13,536. The estimated costs are preliminary and intended for analysis only—they are subject to change. Oregon law prescribes methodologies for calculating SDCs. Complying with the statute would require a review that is beyond the scope of this preliminary analysis but would be needed if the Council chose to establish the new Supplemental TSDC.

Exhibit 7. Impact of Estimated Supplemental TSDC on Example Developments in SEAP combined with City's existing 2020-21 TSDC rates



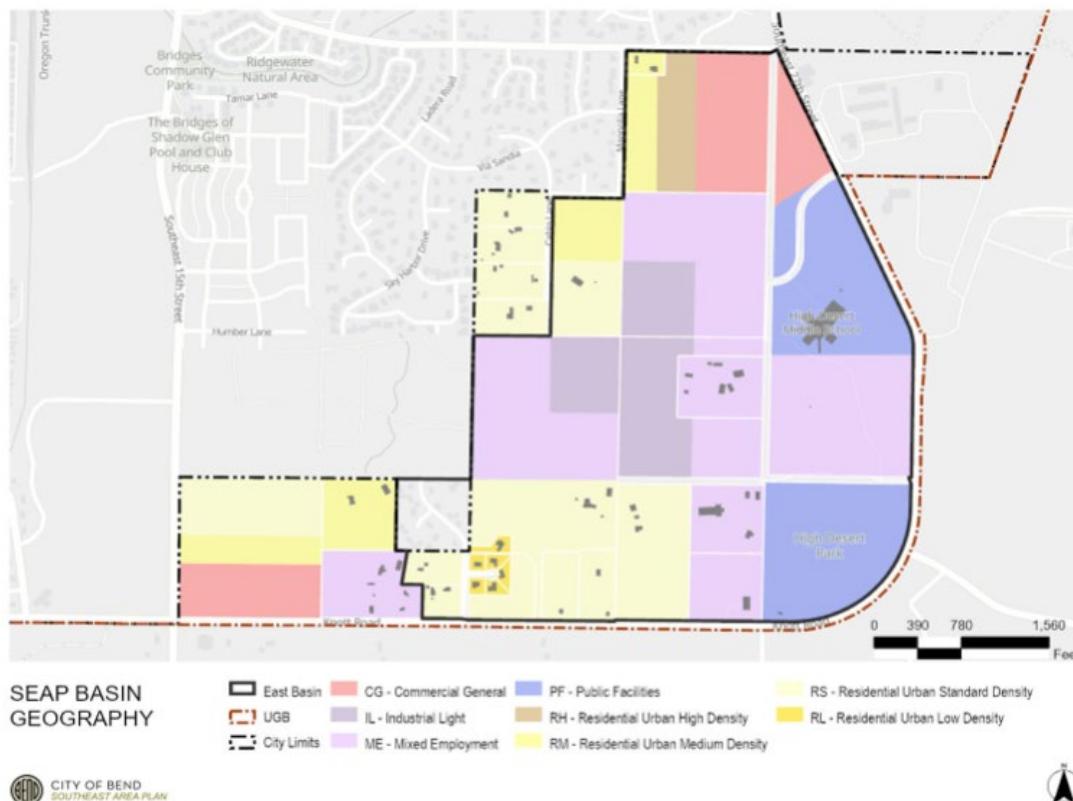
Sewer

As described previously in this memo, the East Catchment Area, depicted in Exhibit 8, requires backbone sanitary sewer improvements and an areawide funding tool. Interim facilities may enable some development to occur, but ultimately, the backbone system will need to be constructed.

⁹ For purposes of the Supplemental T-SDC calculations, the Ward & Wilson properties were excluded. It is likely that development of these properties will supersede SEAP funding tool implementation.

¹⁰ The example development type for retail uses FY 2020-21 rates for a shopping center development that is under 100,000 square feet (sq ft.). 2020-21 TSDC rates for retail (1,000 sq. ft.) vary between \$1,196 for furniture stores to \$121,770 for fast food restaurants with drive-throughs and no indoor seating.

Figure 8. SEAP Sewer Basin Geography



This analysis tested several options for funding the east sewer system. The assumptions for the options are:

All Options: Sewer improvements funded by the City through citywide rates, which would necessitate future Council action, or another future source (e.g. a grant):

- Gravity Lines 3a, 3b and 3c. Gravity Line 3c is already programmed. Since these lines primarily serve adjacent areas to SEAP, they are not included as costs in the SEAP Funding Packages.

Sewer Backbone Option A: City funds Gravity Line 2 and remaining costs are split between a Local Improvement District (LID) funding a portion of needed improvements and City contributions through existing sewer rates or another future source (e.g. a grant). Two options were tested:

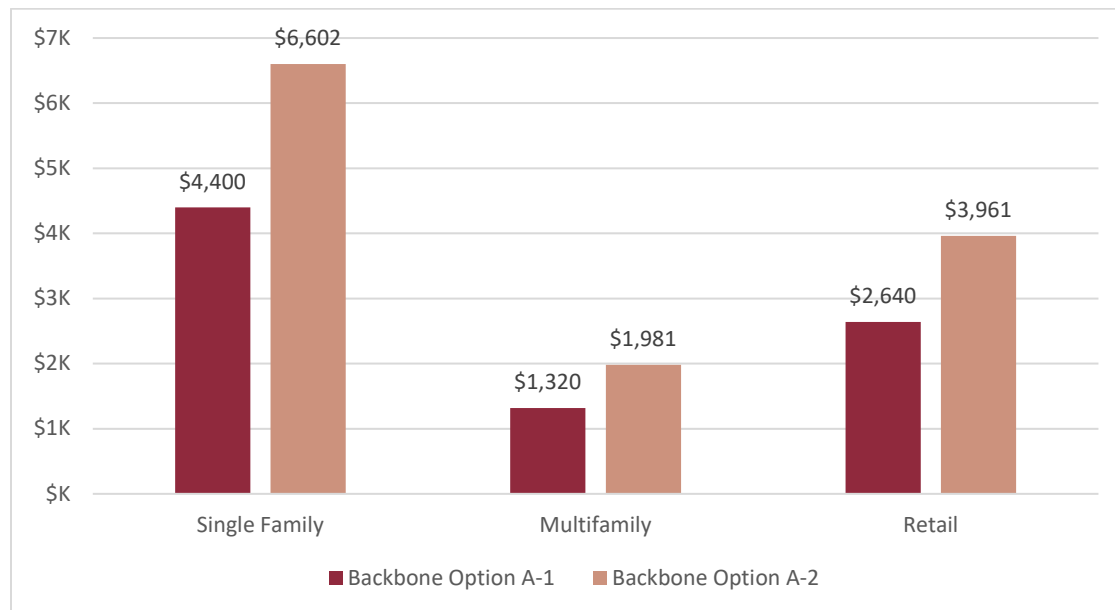
- **Option A-1:** 50/50 split. 50% of east basin costs paid with LID, 50% contribution from the City through existing sewer rates or another funding source (e.g. a grant). This results in a total of \$8.75 million contribution from the City.
- **Option A-2:** 75/25 split. 75% of east basin costs paid with LID, 25% contribution from the City through existing sewer rates or another future source (e.g. a grant). This results in a total of \$5.3 million contribution from the City.

LIDs must be located within the City limits. Therefore, most or all of the east basin area must annex before the east sewer project is funded (although preliminary design may precede the LID).

Exhibit 9 provides an estimate of the average cost per acre per generalized development type for the LID portion of the options, amortized over 10 years. Figures are based on generalized densities per acre for each development type.

Sewer Backbone Option B: City funds Gravity Line 2, force main (Line 5) and the pump station needed to serve the East catchment area. This results in a total of \$8.8 million contribution from the City.

Exhibit 9. Average Cost per Acre for an Amortized LID (Option A-1 & A-2) by Development Type, East Basin Area Sewer System Improvements

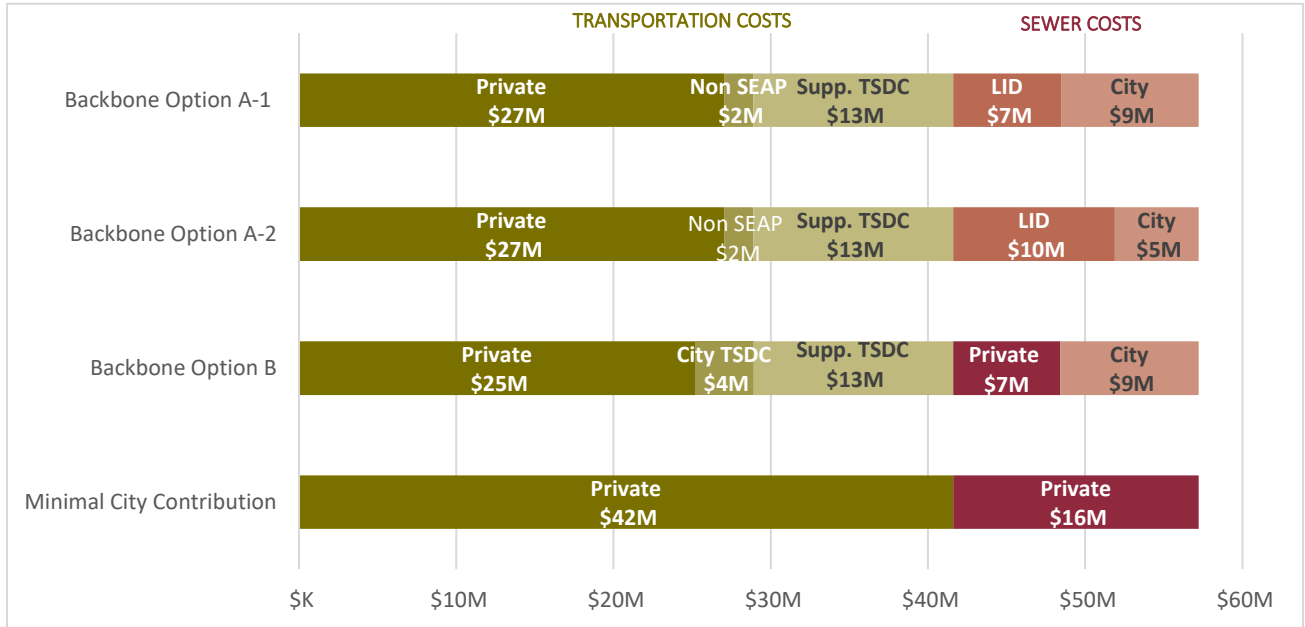


As with the transportation analysis, the above estimates are preliminary and subject to change. They are intended to provide an initial estimate of potential costs associated with varying levels of City participation in the east sewer system. Besides the test packages analyzed above, there are multiple options for how the City could front the costs of initial east sewer system and be reimbursed. For example, the City could borrow funds via a revenue bond, and plan for the reimbursement to be paid by some combination of a Supplemental Sewer SDC, Supplemental Sewer Utility Fee, and potentially citywide rates.

Total Costs

Exhibit 10 below shows how total infrastructure costs in the SEAP area are addressed in each of the funding options. In each option, a share of these total costs was allocated to a specific funding mechanism/responsible party.

Exhibit 10. SEAP Funding Tools and Sources by Funding Options Analyzed



Appendix A. SEAP Revenue Details

This appendix presents additional details about the SEAP revenue projections presented in the SE Area Funding Plan. The appendix is organized by funding source.

Transportation System Development Charge (SDC) Revenue

Exhibit A1 shows that revenue from the City of Bend's existing Transportation SDC rates will generate approximately \$27.7 million at full-build out of the SE Expansion Area.

The analysis is based on using SDC rates from the City of Bend's 2020-21 Fee Schedule. Assumed rates for commercial development is based on the most commonly used rates as follows:

- Retail: Specialty Retail Rate per 1,000 SF of Gross Floor Area
- Office: General Office Rate per 1,000 SF of Gross Floor Area
- Industrial: Warehouse Rate per 1,000 SF of Gross Floor Area
- Public/Civic: Elementary School Rate per Student (assuming 400 students)
- Hotel/Hospitality: Assuming 1.6 hotel rooms per acre in the ME-EM zoned area (6.4 acres) and 3.8 hotel rooms per acre in the CG zoned area (5.8 acres)

Exhibit A 1. Estimated Revenue Potential from Existing, City-wide Transportation System Development Charges, SE Expansion Area (at full build-out)

Development Type	Count of Units	Total Building Sq. Ft. Assumption	Transportation SDC Fee Rate	Est. Revenue at Existing Rate
Residential				
Multifamily (DU)	549	n/a	\$5,001	\$2,745,549
Townhome (DU)	137	n/a	\$4,185	\$573,345
Single Family (DU)	544	n/a	\$8,136	\$4,425,984
Sub-Total	1,230	-	-	\$7,774,878
Commercial				
Retail	-	1,555,550	\$7,646	\$11,893,735
Office	-	358,730	\$5,886	\$2,111,485
Industrial	-	1,421,282	\$3,786	\$5,380,974
Public / Civic (students)	400	-	\$961	\$384,400
Hotel / Hospitality (rooms)	38	-	\$4,746	\$180,348
Sub-Total	-	3,361,633	-	\$19,950,942
Total Revenue	-	-	-	\$27,695,820

Source: Calculations by ECONorthwest using Envision development assumptions and the City of Bend's 2020-2021 Fee Schedule.

Note: DU is dwelling unit.

Sewer System Development Charge (SDC) Revenue

Exhibit A2 and Exhibit A3 show that revenue from the City of Bend's existing Sewer SDC rates will generate approximately \$5.6 million at full-build out of the residential uses and \$5.3 million at full build out of the commercial uses in the SE Expansion Area (for a total of \$10.8 million).

The analysis is based on using SDC rates from the City of Bend's 2020-21 Fee Schedule. Assumed rates for commercial development are generally based on the most commonly used rates as follows:

- Retail: Retail Store: one (1) EDU for the first 2,000 square feet and 0.50 EDU for each additional 2,000 square feet of gross floor area (GFA). The analysis modifies the rate slightly to 0.55 EDUs per 2,000 GFA based on an assumed average for building with 20,000 GFA.
- Office: Bank and office, except medical, dental, and veterinary - 1 EDU per 2,000 SF of GFA
- Industrial: Industrial, manufacturing, beverage processors, commercial warehouse - 0.09 EDU per employee for domestic wastewater only. Industrial wastewater not assessed.
- Public/Civic: Elementary School – 0.08 EDU per person (400 students and 23 employees)
- Hotel/Hospitality: Motels, boarding and room housings - 0.04 EDU per room

Exhibit A 2. Estimated Revenue Potential from Existing, City-wide Sewer System Development Charges, SE Expansion Area (at full build-out of residential uses)

Development Type	Count of Development Type	Sewer SDC Fee Rate	Est. Revenue at Existing Rate
Residential	Units		
Single Family	544	\$4,974	\$2,705,856
Townhome	137	\$4,974	\$681,438
Multifamily	549	\$3,979	\$2,184,581
Total	1,230	-	\$5,571,875

Source: Calculations by ECONorthwest using Envision development assumptions and the City of Bend's 2020-2021 Fee Schedule.

Exhibit A3. Estimated Revenue Potential from Existing, City-wide Sewer System Development Charges, SE Expansion Area (at full build-out of commercial uses)

Development Type	Count of Rooms	Total Building Sq. Ft.	Employees	EDUs	Estimated Revenue
Commercial					
Retail	n/a	1,555,550	966	428	\$2,127,877
Office	n/a	358,730	931	179	\$892,336
Industrial	n/a	1,421,282	767	69	\$343,206
Public / Civic	n/a	26,071	23	34	\$168,121
Hotel / Hospitality	38	-	114	15	\$75,605
Total	-	-	2,802	725	\$3,607,145

Source: Calculations by ECONorthwest using Envision development assumptions and the City of Bend's 2020-2021 Fee Schedule.

Sewer Utility Fee Revenue

Exhibit A4 shows that revenue from the City of Bend's existing sewer utility rates will generate approximately \$944,000 per year at full-build out of the SE Expansion Area. The analysis is based on using sewer utility rates from the City of Bend's 2020-21 Fee Schedule. The analysis for "non-residential" does not include extra strength charge for industrial users.

Exhibit A 4. Estimated Revenue Potential from Existing, City-wide Sewer Utility Fee, SE Expansion Area (at full build-out)

Development Type	Count of Dev. Type at Full Build-Out	WQA Assumption in cu. Ft. (per unit)	Existing Monthly Rate	WQA Volume Charge per 100 cu. ft.	Revenue at Existing Rate
Single Family Unit	544	448	\$37.51	\$3.93	\$359,800
Townhomes Unit	137	448	\$37.51	\$3.93	\$90,611
Multifamily Unit	549	358	\$14.82	\$3.93	\$190,323
Non-Residential	459	448	\$37.51	\$3.93	\$303,294
Total	-	-	-	-	\$944,028

Source: Calculations by ECONorthwest using Envision development assumptions and the City of Bend's 2020-2021 Fee Schedule.

Packet Item No. 3:
Southeast Area Plan
Report Funding Plan
Summary

FUNDING PLAN SUMMARY

OVERVIEW

The SEAP guiding principles aspire to “deliver needed infrastructure” and “develop an economically viable plan”. The Southeast Area Funding Plan was prepared to inform and advance these outcomes, and guide SEAP implementation. The Funding Plan’s purposes are to:

1. Identify funding strategies and recommendations needed to fund infrastructure for the Southeast Area Plan (SEAP).
2. Describe key issues, opportunities, and challenges for infrastructure funding.
3. Summarize the major transportation and sanitary sewer infrastructure, and their costs, needed to support development of the plan.
4. Estimate development-related revenue potentially generated by the plan.
5. Describe potential funding tools.

The following sections summarize elements of the Funding Plan. Please see the Technical Appendix for the full text of the Funding Plan.

ROLE OF THE FUNDING PLAN: AN ACTION PLAN APPROACH

The SEAP Funding Plan is an “Action Plan” intended as part of the adoption package for the SEAP. In Bend’s Comprehensive Plan, “Action Items” are advisory recommendations that set a direction for plan and policy implementation (in this case, the direction for SEAP infrastructure funding) while retaining flexibility for the specifics of that implementation.

The Funding Plan provides guidance for funding needs, tools, and strategies while recognizing the potential for unique solutions to be identified and implemented in the future. This approach is particularly suited to the funding of SEAP infrastructure

because of: (1) the dynamic nature of development in Southeast Bend, and; (2) the unknowns regarding the timing of annexation and development of properties within the SEAP boundary.

The funding plan is needed because the City, on its own, does not have the capability, nor is it required, to fully fund all of the infrastructure needed for development within the SEAP area. Funding for infrastructure to serve areas of new development is typically funded through a mix of private development sources and government sources. The Funding Plan describes how infrastructure needed for the SEAP Area can be funded. The approach will require a combination of existing sources from the City, new funding tools, and private property owner/developer contributions. Funding decisions will be made by the City Council in the future. The plan recognizes that further study of, and options for, specific funding methods may be required.

SUMMARY OF TOTAL INFRASTRUCTURE COSTS

Combined, the SEAP sewer and transportation infrastructure costs without presently identified funding sources are estimated to be \$57.2 million. This is the amount, as of November 2020, that is in addition to projects identified as being funded by others, SDCs, sewer rates, or the City’s 2020 Transportation General Obligation Bond. Any solution to the infrastructure challenges will involve substantial private investment, which includes investment from property owners and/or developers in the Southeast Area. Funding for water infrastructure will be determined by the Avion Water Company.

Table 2. Summary of Estimated Infrastructure Costs (Planning Level 5), SEAP Area

	ESTIMATED INFRASTRUCTURE COSTS
Sewer	\$15,600,000
Transportation	\$41,600,000
TOTAL COSTS	\$57,200,000

Source: Jacobs, Murraysmith, and Kittelson Associations.

Note: Estimated water infrastructure costs are unknown as of this date.

Please see the full Funding Plan in the Technical Appendix for more detailed information on infrastructure projects and costs. Within this Summary Report, transportation improvements are described in Chapter 6 and sewer improvements are described in Chapter 7.

REVENUES

Development of the SE Expansion Area will add hundreds of new homes and space for dozens of businesses to the City of Bend. Once complete, the area is projected to house over 3,000 residents in an estimated 1,200 housing units and support about 2,800 jobs. In this way, the new community will add to the vitality of Bend by providing homes, jobs, and community destinations for the City’s growing population and economy, consistent with Bend’s Comprehensive Plan. The development of the SEAP project area will also provide the City with additional sources of revenue to fund services and capital projects. The table below summarizes the Funding Plan’s analysis of SEAP’s revenue potential for:

- Transportation System Development Charges⁴

⁴ Based on findings from Bend’s Transportation System Plan: all existing, city-wide transportation SDC revenues generated in Bend, including revenue produced from SE Expansion Area development, is assumed to be committed to paying debt obligations on transportation projects that have already been built or to projects in the City’s existing Capital Improvement Program. This pre-allocation of revenue is anticipated through 2030. In 2031 through 2040, it is also likely that existing city-wide transportation SDC revenue will be pre-committed to on-going debt payments.

Non-committed transportation SDC revenue at the City’s existing rate and/or additional city-wide transportation SDC revenue generated through a rate increase is assumed to go toward prioritized transportation projects identified in Bend’s Transportation System Plan. Some of these transportation projects are located in the SE Expansion Area and are currently eligible to receive these funds.



Photo credit: David Leath

- Sewer System Development Charges
- Sewer Utility Fee

Table 3. Summary of Estimated Revenue Potential from Existing, City-wide Revenue Sources, SE Expansion Area (at full build-out)

	TRANSPORTATION SDC REVENUE ESTIMATE (TOTAL)	SEWER SDC REVENUE ESTIMATE (TOTAL)	SEWER UTILITY FEE REVENUE ESTIMATE (ANNUAL)
Residential Development	\$7,745,000	\$5,572,000	\$641,000
Commercial Development	\$19,951,000	\$3,532,000	\$303,000
TOTAL	\$27,696,000	\$9,104,000	\$944,000

Source: Calculations by ECONorthwest using Envision development assumptions and the City of Bend’s 2020-2021 Fee Schedule.

For more detailed tables and assumptions, please see the full Funding Plan in Appendix X.

ISSUES, CHALLENGES AND OPPORTUNITIES

The following is a summary of issues and challenges that must be addressed to arrive at a viable infrastructure funding strategy for the SE Expansion Area.

- **The SE Expansion Area has many properties and development is likely to occur incrementally.** There are 27 individual ownerships within the SE Expansion Area. In 2020, there are only a few properties in SEAP known that intend to develop in the near term. While property consolidation in expansion areas may occur, the funding plan should be crafted to also work if the area develops in a series of relatively small, individual projects.

- **Sewer in the “East Catchment Area” is a significant capital investment and will span many properties.** City leadership will be needed to coordinate and build the east sewer system. The SE Expansion Area contains two drainage basins that dictate how and where new sewer infrastructure can be developed. The “East Catchment Area” drains east and requires new gravity lines, a pump station, and force mains. At an estimated cost of \$15.6 million for east basin-related improvements, it is assumed that no single development could afford to build the needed improvements. Therefore, an area-wide approach is needed.
- **Roundabouts are needed but are costly and will require an area-wide funding tool.** The three roundabouts in the eastern part of the plan area are the appropriate intersection treatments at 27th/ Ferguson, 27th/Diamondback, and the internal intersection of the two new collectors. Each roundabout serves multiple properties and the network as a whole, so an area-wide funding tool is appropriate. The

roundabouts may not be needed on “day one”, so there is an opportunity to collect funds over time and build them at a targeted point in the future.

- **Alignment is needed between the timing of development and the timing of infrastructure – phased infrastructure can help.** If a funding tool is chosen that relies on new development but development cannot happen without new infrastructure, how can development move forward? The implication of this issue is that timing and phasing considerations must be brought to the forefront when selecting an infrastructure funding option.
- **There is an opportunity to streamline transportation reviews and the allocation of cost responsibilities to proposed development.** Incremental transportation analyses typically occur project by project and are time consuming and duplicative for all parties. For SEAP, there is an opportunity to identify, in advance of development, which transportation improvements are required and

how they should be funded.

- **There is a significant opportunity for cost sharing and infrastructure coordination between major developments in Southeast Bend.** There are opportunities for infrastructure cost sharing—specifically between SEAP, and the Easton and DSL properties. Determining specific cost allocations will require time, negotiation, and City Council review.

SEAP FUNDING STRATEGIES AND RECOMMENDATIONS

The funding strategies described below are high-level approaches intended to support the successful funding of infrastructure for the SE Expansion Area. The recommendations to the City Council are recommended actions—a set of steps for evaluating and making decisions about specific funding solutions. Together, the strategies and recommendations comprise the SEAP “flexible action plan” referenced at the beginning of this section.

Funding Strategy

The overall strategies for funding SEAP infrastructure are to:

1. Use a variety of funding tools that can be flexibly applied as Council decisions are made and conditions change over time.
2. Proactively coordinate cost-sharing between the SEAP project area and other areas of development in Southeast Bend (e.g. DSL and Easton).
3. Evaluate and implement areawide funding tools (e.g. supplemental system development charges) needed to catalyze infrastructure development.
4. Provide flexibility for interim infrastructure solutions (e.g. sewer connection) that allow initial SEAP development to proceed prior to long term solutions being implemented.

Recommendations to the City Council

The project team recommends that the Council undertake the following actions:

1. Adopt the SEAP Funding Plan as part of the SE Area Plan package. The Funding Plan will be a guiding “Action Plan” that provides direction but also flexibility for future Council decisions.
2. Following adoption of SEAP, evaluate a package of transportation improvements to be funded by a new, Supplemental Transportation SDC (TSDC). An initial project list is included in the Funding Plan. The final list should be coordinated with updated information on how other projects will be potentially funded in SE Bend.
3. Direct staff to scope the upcoming Sewer Master Plan Update to ensure that plan evaluates how the

SEAP east sewer system could be implemented, including: evaluation of the east sewer system as a City-led project; inclusion of east SEAP as part of the City’s CIP program for trunk sewer improvements; and, how the City could be reimbursed for its up-front investments. In the interim, this recommendation would not preclude negotiation of interim sewer implementation strategies for individual properties or developments.