Infrastructure Funding Plan Toolkit:
Guidance for Title 11 Concept and Comprehensive Planning

October 2020

Prepared for: Washington County

Draft Report

ECONorthwest
ECONOMICS · FINANCE · PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

This page intentionally blank

Table of Contents

This page intentionally blank

1 About the Toolkit

This Toolkit provides guidance for developing an infrastructure funding plan consistent with the requirements of Metro's Title 11.

In 2019, Washington County embarked on a study to analyze the county's transportation system to prepare for future growth in urban reserve areas. The study is known as the Washington County Urban Reserves Transportation Study (URTS). The primary objectives were to:

(1) Partner with local jurisdictions to analyze the cumulative transportation impacts of development in the urban reserves;

(2) Identify areas of projected transportation system capacity deficiencies;

(3) Analyze the feasibility and/or prioritization of several adopted/identified regionally significant transportation improvements; and

(4) Create an infrastructure funding plan template in accordance with Metro Title 11 requirements.

This Toolkit addresses the fourth objective of this study. In addition to providing a funding plan template, this Toolkit highlights funding plan best practices, outlines funding plan regulatory requirements, and offers resources and procedures for developing the content of a Title 11 compliant funding plan.

1.1 Purpose of this toolkit

When jurisdictions begin to plan for urban development in urban reserve areas, they must establish a funding plan that describes how they will pay for the infrastructure needed to support development in those areas. However, funding plan development can be complicated and challenging because of the:

- Network of overlapping regulations and legal issues that come into play;
- Competing interests of stakeholders and service providers;
- Fiscal constraints to overcome;
- Need to resolve varying and sometimes conflicting perceptions about how development covers the costs of infrastructure associated with new development;
- Need to coordinate across many different funding entities;
- Fact that funding sources vary for operating versus capital expenses;
- Timing questions to solve (when revenue is available versus when funding is needed to build infrastructure).

Therefore, this Toolkit provides resources and assistance to planning entities seeking to overcome those challenges. The information in this Toolkit serves as a guide through the funding plan development process. It answers common questions, such as:

- What elements should the funding plan contain?
- What steps should planners take to develop the plan?
- How should the funding plan address infrastructure costs?
- What are effective funding strategies?
- How can input be gathered from stakeholders to build champions for implementation of the funding plan strategies?

While the URTS project primarily focuses on transportation infrastructure, this Toolkit is meant to provide guidance on how to approach funding for all major infrastructure types including: water, stormwater, sanitary sewer, parks and trail systems, and multi-modal transportation systems.

This Toolkit is designed for use by local governments and stakeholders who play an important or lead role in funding plan development and implementation. While much of the information presented here is broadly applicable to infrastructure funding plans, this Toolkit specifically focuses **on the development of funding plans for urban reserve areas and areas newly added to Metro's Urban Growth Boundary.** It is designed to help planners develop plans that comply with the funding plan requirements of Metro's Title 11 concept and comprehensive planning rules.

1.2 Background

There are 13 urban reserve areas (URAs) in Washington County (see Exhibit 1). Metro is required to evaluate whether there is a need to expand the UGB on a six-year cycle. If a need is determined, then cities must inform Metro of their interest in bringing a URA into Metro's urban growth boundary (UGB).[1] The jurisdiction must conduct Title 11 concept planning as a first step prior to UGB being expanded to meet local land needs.

Title 11 planning requires the development of a concept plan for the URA prior to the reserve area being brought into the UGB. The **concept plan** must comply with a range of plan requirements (including proposing methods / provisions to finance public services and facilities). If Metro expands the UGB to include the URA, the jurisdiction is required to then perform **comprehensive planning** for the area, which must also comply with a separate range of Title 11 requirements.

[1] URAs are lands suitable for accommodating urban development over 50 years after their designation.

Concept and comprehensive planning identify the key infrastructure (capital projects such as new roads and water and sewer lines) needed to enable development in the URA or urban area newly added to a city. To comply with Title 11, planning must determine the financial implications of the needed infrastructure – what will it cost and how will it get funded or financed? Jurisdictions produce funding plans, as part of concept and comprehensive planning, to document costs, revenues, and a strategy to fund the projects. This Toolkit's purpose is to clarify the funding plan development process. It is a one stop shop for resources, examples, and details necessary to develop a Title 11 compliant funding plan.

Exhibit 1. Washington County Urban Reserve Areas
Source: Washington County.

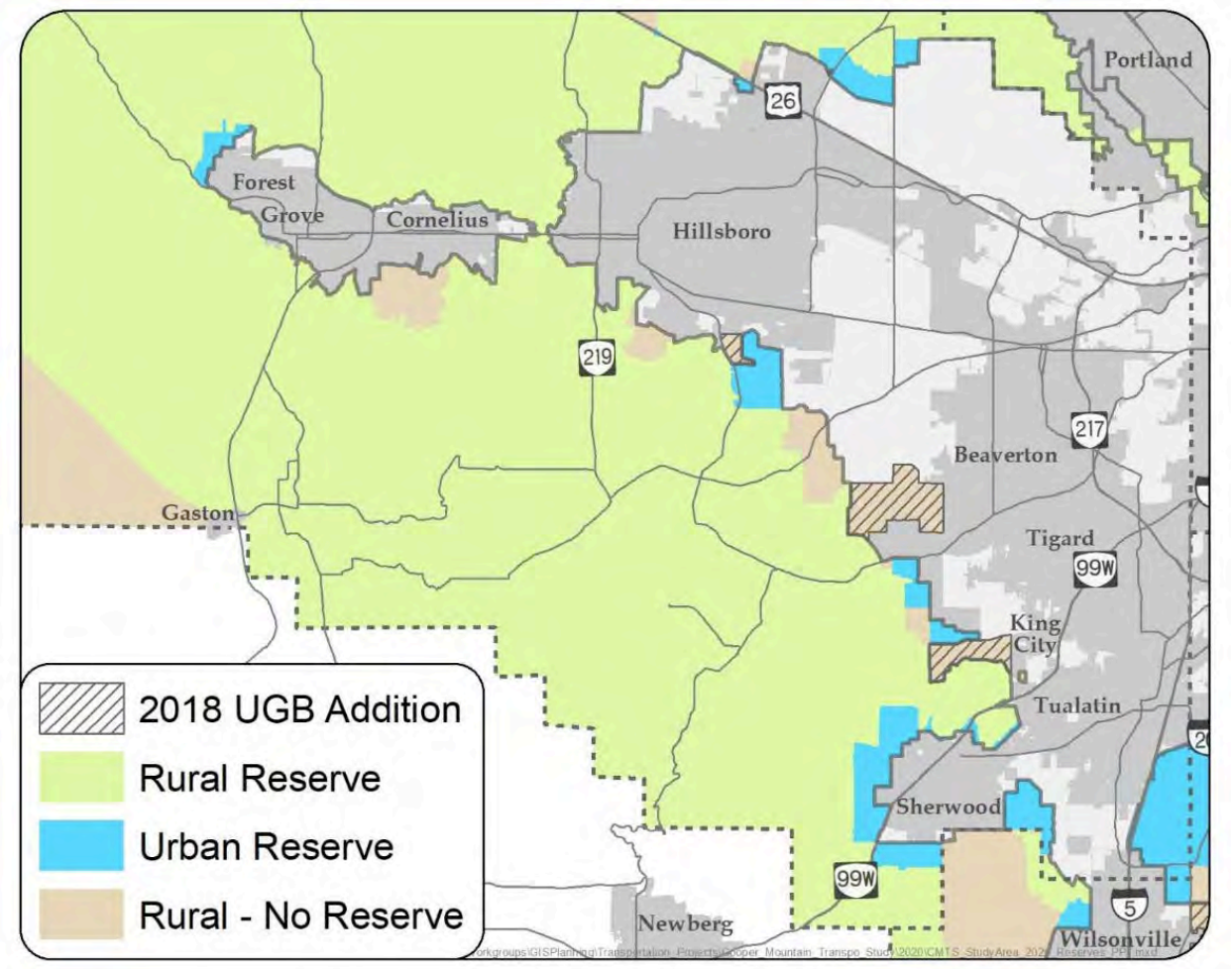


Exhibit 2 presents a summary of expected transportation infrastructure costs in Washington County's URAs. Transportation projects, and their costs, are highlighted here as they were identified as part of the larger Washington County URTS project. Note, however, that these costs are preliminary and high-level estimates for planning purposes; they will be further refined through future planning processes.

The transportation costs for these URAs are large – and transportation is just one of many infrastructure components the funding plans must address. This exhibit helps to contextualize the magnitude of the funding challenge that planners, stakeholders, and partners will have to overcome.

Exhibit 2. Summary of Transportation Costs (in $millions), Washington County Urban Reserve Areas
Source: DKS. (July 1, 2020). *Performance Assessment of Supplemental System Improvements*, Appendix Section 3: Planned Roadway Improvement Projects Adjacent to or within Urban Reserve Areas, Comprehensive List of Planned Collectors and Financially Constrained RTP Projects.

Urban Reserve	Total Cost	UR Cost[2]	Regional Cost[3]	Local Cost[4]
Bendemeer and Bethany West Urban Reserves	$180.7	$21.0	$159.7	-
Brookwood Parkway Urban Reserve	$26.6	-	$26.6	-
David Hill Urban Reserves	$92.0	$51.0	$41.0	-
Rosa Urban Reserves	$130.1	$44.5	$85.6	-
Cooper Mountain Urban Reserves	$157.7	$10.0	$147.7	-
River Terrace West Urban Reserves	$126.3	$4.5	$121.8	-
River Terrace South Urban Reserves	$84.9	$7.0	$77.9	-
Beef Bend South Urban Reserves	$128.9	$51.0	$77.9	-
Sherwood North Urban Reserves	$60.0	-	$44.8	$15.2
Sherwood West and South Urban Reserves	$225.9	$111.0	$99.8	$15.1
Tonquin Urban Reserves	$59.0	$41.5	$17.5	-
Elligsen Road North and South Urban Reserves	$161.1	$46.5	$114.6	-
I-5 East (Washington County Urban Reserves)	$58.5	$37.0	$21.5	-
Total	**$1,261.5**	**$425**	**$806.2**	**$30.3**

[2] Projects identified as "UR Cost" primarily serve the urban reserve area.

[3] Projects identified as "Regional Costs" serve both the urban reserve areas as well as a regionwide area.

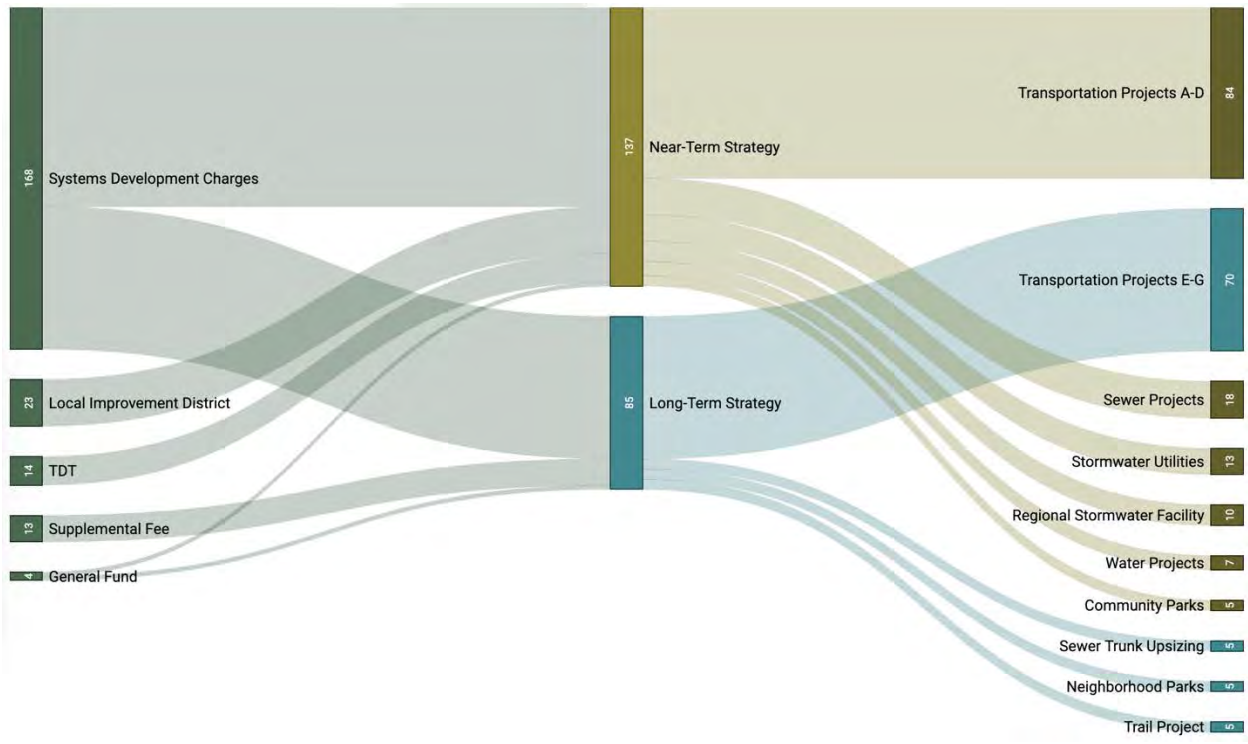
[4] Projects identified as a "Local Costs" serve both the urban reserve areas as well as the local jurisdiction.

1.3 Purpose of a funding plan

A funding plan identifies all of the projects that should be funded over the planning period, projects revenues from available revenue sources, and identifies new revenue sources that will cover the funding gap if one exists. There is a difference between a "funding plan" and a "financing plan." Title 11 requires a funding plan, meaning the plan can take timing into consideration (by grouping project costs and revenues together in phases or time buckets), but it does not have to have detailed assumptions about financing terms for borrowings or cash flow projections. A funding plan simply has to show which funding source will pay for which infrastructure projects.

Exhibit 3 illustrates an example funding plan output for infrastructure in a hypothetical area. It shows revenue capacity in the left column and infrastructure project category costs on the right column. A center column distinguishes revenues targeted to projects in the near-term (e.g., year 1-10) and revenues targeted to projects in the long-term (e.g., year 11-25). Such a diagram is not a requirement for Title 11 funding plans, but it does a nice job of highlighting the main task of a funding plan: to connect the dollars generated from specific funding tools (such as systems development charges or Transportation Development Taxes (TDT)) to infrastructure needs.

Exhibit 3. Funding Plan Illustration with Hypothetical Costs and Revenues
Source: ECONorthwest.



In addition to the technical aspects (of addressing costs and revenues), development of a funding plan will require engagement with a range of stakeholders, leaders, and service providers—who will all have different interests and perspectives. It will require an

understanding of revenue sources and funding tools which function and are controlled differently. This Toolkit will provide details on these aspects and more.

1.4 Summary of Existing Planning Processes

This Toolkit includes funding plan templates (see Chapter 6 and Chapter 7) that present a structure to ensure the funding plan incorporates the type and level of analysis needed for Title 11 compliance. Here, we present some key takeaways from a review of six existing funding plans developed for URAs and newly urbanizing areas across Washington County. These plans characterize the type and level of analysis typically included in funding plans and inform the structure of the funding plan templates.

- Title 11 funding plans are developed as standalone memorandums/reports or as chapters within the broader concept and community plan for the urban area.
- Funding plan content is typically organized with sub-headers that differentiate infrastructure needs by infrastructure types (e.g., transportation, sewer, water, parks, stormwater, etc.). Funding plans without these sub-headers will still typically differentiate total costs by infrastructure type in tabular formats (e.g., tables).
- In some cases, phased delivery of infrastructure and strategy implementation next steps were explored. The phases are typically not explicitly defined in detail and in no cases were phasing or implementation considerations binding.
- Each plan identified six to 12 funding tools (existing or potential new tools). The tools mentioned/explored were: systems development charge, local improvement districts, general obligation bonds (property taxes), utility fees, developer/property owner contributions, transportation development tax, reimbursement districts, special taxing districts, urban renewal (tax increment finance), general funds, Major Streets Transportation Improvement Program (MSTIP) dollars, and other supplemental fees/increased fee rates of existing fees. Some plans identified use of loans and grants (from state and federal programs).

  As a resource to the reader, this Toolkit, and corresponding Toolkit Glossary, provides information on these funding tools and more.
- Total infrastructure costs varied between $59.7m to $375.1m. As part of total infrastructure costs: transportation costs (which comprised the largest costs by planning area) varied between $51.6m to $225m, water costs varied between $8.3m to 22.7m, sewer costs varied between $7.3m to $44.9m, stormwater costs varied between $22.1m $36m, and parks costs varied between $15.2m to $105.4m.
- Most of the funding plans presented revenue projection results in lump sum amounts. Two Title 11 funding plans, presented as part of a community plan, included more financial capacity details and assumptions in appendices. The funding plan as part of a preliminary concept plan did not include any revenue projections (it merely identified funding tools).

- Some funding plans included an evaluation of potential new funding tools. Two evaluations were more robust using more than five criteria to explore tools' tradeoffs.
- Funding plans typically presented their final funding strategy in tabular form (i.e., in a table). In these instances, the table showed how much each revenue source would generate and compared it to total costs to communicate a funding and cost match—or surplus/deficit revenues.

For more information, see the attachment "Summary of Existing Planning Processes - Details."

1.5 Readers guide

Chapter 2: Regulatory Framework	Chapter 2 describes Title 11 regulatory compliance requirements for finance plans and describes the interconnected nature of these plans to other planning documents and local policies. This chapter also touches on fiscal obligations and how to use the Title 11 plan to position yourself for external funding sources with their own set of requirements.
Chapter 3: Funding Plan Planning Process	Chapter 3 structures and describes a model funding plan process using three generalized steps and many sub-steps. It provides guidelines about how to proceed with the development of the funding plan in an efficient and effective manner. Where appropriate, it provides examples and case studies to describe situations that worked well for others in the past.
Chapter 4: Funding Options and Revenue Projections	Chapter 4 describes funding tools and revenue sources that may be used to fund and finance infrastructure. Information in this chapter is presented at a high-level, but it does present a focused discussion about two regional funding options: MSTIP and TDT. This chapter also provides helpful tips for developing funding capacity projections for some of the most commonly used tools to fund infrastructure. For more details about individual funding tools, we recommend reviewing the Toolkit Glossary as well.
Chapter 5: Considerations Arising in Planning	Chapter 5 offers commentary on a range of topics the project team should consider as they build the funding plan.
Chapter 6: Funding Plan Template	The final two chapters in this Toolkit present funding plan templates. The templates provide a structure for the funding plan that can be customized to fit various needs. Chapter 6 presents the initial template that outlines plan elements to address Title 11 requirements. Chapter 7 provides various, optional elements that could be added to the funding template in Chapter 6 if a more robust or comprehensive analysis is desired or needed.
Chapter 7: Funding Plan Template (Additional Elements)	

Attachment Directory

- **Toolkit Glossary:** The Toolkit Glossary defines and describes common infrastructure funding tools and sources. It also defines financial and funding terms, legal and programmatic terms, and evaluation criteria.
- **Summary of Existing Planning Processes – Details:** Documents the details of a review of past Title 11 funding plans, prepared for urban reserve areas and newly urbanizing areas in Washington County. It highlights the variations and similarities among six different funding plans.
- **Funding Plan Calculator:** The Funding Plan Calculator is a resource to help streamline your technical analysis. It includes formulas to estimate a preliminary funding gap and figures to present findings.
- **Funding Plan Gantt Chart:** A customizable, example funding plan schedule, which follows the process steps outlined in Chapter 3.
- **Example Public Infrastructure Finance Strategy MOU:** A customizable memorandum of understanding (MOU), which derived from the City of Tigard's Public Infrastructure Finance Strategy.

2 Regulatory Framework

This section addresses requirements for infrastructure funding plans in concept and comprehensive planning. Its purpose is to explain the type and level of analysis that should be conducted for funding plans to comply fully with Metro and County needs.

2.1 Metro's Title 11 requirements

Metro's Urban Growth Management Functional Plan[5] comprises 14 Titles which lay out requirements for planning within the Metro Region's jurisdictional boundary. Title 11[6] of Metro's Functional Plan guides long-range planning efforts for new urban areas within the Metro Region (i.e., designated urban reserve area (URAs) and areas newly added to the UGB) in both concept planning and comprehensive planning.

To add a URA to the UGB, a jurisdiction must first submit an application for a UGB expansion. Metro's Council considers many factors when evaluating applications. Metro's requirements for amending the UGB are contained in Title 14 of the Functional Plan and reflect the procedures and requirements in Statewide Planning Goal 14. In addition, the Metro Council also considers the actions and investments a city has made to promote their downtown and mixed-use areas, the supply and diversity of affordable housing within the city and how the city is addressing racial equity.

Prior to Metro expanding the UGB, the county (responsible for planning pre-UGB expansion) and the jurisdiction (responsible for planning once the area is inside the city's UGB) must then, in conjunction with Metro and other service districts, develop a concept plan for the URA prior to its addition to the UGB. The concept plan must identify the "general locations" of uses proposed for the area to enable the development of cost estimates for public systems and facilities. This plan must establish (among other elements) "an agreement between or among the county and the city or cities and service districts that preliminarily identifies which city, cities, or districts will likely be the providers of urban services, when the area is urbanized."

Once the URA is added to the UGB, comprehensive planning must commence to establish plan designations for the area as well as provisions for annexation, zoned housing capacity, affordable housing, the amount of land improvements, and the financing of infrastructure. It must also establish a conceptual street plan and a strategy to protect the capacity of highway interchanges. Title 11 indicates that the local government(s) responsible for the area will consider and adopt the provisions in their Comprehensive Plan. Often these provisions are

[5] Metro. (April 15, 2018). Urban Growth Management Functional Plan. https://www.oregonmetro.gov/urban-growth-management-functional-plan. Alternatively, see Section 3.07 of the Metro Code.

[6] Sections 3.07.1105 – 3.07.1140 of the Metro Code: https://www.oregonmetro.gov/metro-code

documented in a Community Plan for the area, and then that Community Plan is adopted in the jurisdiction's Comprehensive Plan.

Exhibit 4 describes the Title 11 requirements that are specific to funding plans. There are separated requirements for funding plans in concept versus comprehensive planning documents. Exhibit 4 also includes examples about how other funding plans addressed these rules; it summarizes findings from three concept planning-level funding plans, one preliminary concept plan, and two comprehensive planning-level funding plans.

Exhibit 4. Title 11 Requirements for Funding Plans
Source: Metro's Urban Growth Management Functional Plan (effective date April 16, 2018).

Regulation		Examples
Requirements for Designated Urban Reserve Areas (Concept Plan Compliance)		
For proposed sewer, park/trail, water and stormwater systems, and transportation facilities, provide:		
☐	Preliminary estimates of the costs of the systems and facilities in sufficient detail to determine feasibility and allow cost comparisons with other areas. *3.07.1110(c)(2)(d)*	Each concept funding plan provided "good faith" or "planning level" cost estimates for transportation, sewer water/stormwater; and parks/open space amenity projects. Two deviations: - One plan did not provide cost estimates for parks, likely because the area was planned for industrial land supply. - The preliminary concept plan provided cost estimate ranges by subarea (and noted that costs included site prep; roadway; storm, sewer, and water; ROW acquisition; traffic elements; and contingency).
☐	Proposed methods to finance the systems and facilities. *3.07.1110(c)(2)(e)*	Each concept funding plan identified existing or new funding options to pay for infrastructure costs and estimated each tools' financial capacity (in lump sum amounts). These plans compared cost and revenue estimates by infrastructure type and identified an approach to solve for any funding gap by infrastructure type (as applicable). The preliminary concept funding plan identified funding mechanisms but **did not** determine their financial capacity or identify which tool would specifically cover which costs.
Requirements for Areas Added to the UGB (Comprehensive Planning Compliance)		
☐	In the comprehensive plan, include provisions for the financing of local and state public facilities and services *3.07.1120(c)(8)*	Both comprehensive funding plans: - Estimated project level infrastructure costs and aggregated those costs by infrastructure type; - Identified funding mechanisms/approaches to pay for projects by infrastructure type, and calculated financial capacity (in greater detail than concept plan level funding capacity estimates); and - Compared cost and revenue estimates by infrastructure type to establish a funding strategy that solved for any funding gap.

2.2 Relationship to other planning documents and local policies

Infrastructure funding plans should interact and remain consistent with a range of other state/regional/local plans and policies. The following describes how a Title 11 funding plan is informed by / should align with other documents and rules.

2.2.1 State Planning Guidance and Rules

- *Statewide Planning Goals.* Oregon has several Statewide Planning Goals, two of which deal specifically with infrastructure. Goal 11[7] (Public Facilities and Services Element) defines the need to plan for the provision of public services to lands within the UGB via public facilities plans and Goal 12[8] (Transportation Element) defines the need to plan for a variety of transportation modes within a city via a Transportation System Plan. Local jurisdictions develop these plans, according to Oregon Administrative Rules (OAR). Coordination of the Title 11 Funding Plan with statewide planning goals and directives, will improve connectivity and services between the urban area and the jurisdiction as a whole.
- *Other State Laws and Administrative Rules.* Some state laws[9] and administrative rules[10] define and constrain certain funding mechanisms by establishing limits or specific implementation procedures. For example, ORS 223.297 through 223.314, establishes protocols for system development charges (SDCs) – how and when a jurisdiction can use SDCS and for what improvements the jurisdiction may impose SDCs on. Prior to imposing SDCS, State rules dictate that local jurisdictions must have a Capital Improvement Plan (CIP), a public facilities plan (listing the improvements they anticipate funding with the SDC, and consistent with OAR 660-015-0000(11)), and the estimated cost and timing for each listed improvement.

  Further, some state laws may influence project costs. For example, the Oregon Bureau of Labor and Industries establishes minimum wage rates and fringe benefit requirements for public works projects that cost more than $50,000 or that use public monies.

2.2.2 Regional Planning Guidance and Rules

- *Urban Growth Management Functional Plan.* Metro's Urban Growth Management Functional Plan provides tools and directives to meet the Metropolitan Area's 2040 Growth Concept goals. The functional plan comprises 14 Titles. Funding plans for new

[7] Oregon Statewide Planning Goal 11: https://www.oregon.gov/lcd/OP/Pages/Goal-11.aspx

[8] Oregon Statewide Planning Goal 12: https://www.oregon.gov/lcd/OP/Pages/Goal-12.aspx

[9] Oregon Revised Statutes (ORS) 2019 Edition: https://www.oregonlegislature.gov/bills_laws/Pages/ORS.aspx

[10] Oregon Administrative Rules (OAR) Database: https://secure.sos.state.or.us/oard/processLogin.action

urban areas must align with Metro's Title 11 requirements (discussed in the subsection above).

- *Regional Transportation Plan.*[11] Metro has State authorization to coordinate and plan transportation investments in the tri-county Metro Region. Local investments defined in a Title 11 funding plan must align with a jurisdiction's local Transportation System Plan and with Metro's Regional Transportation Plan.

2.2.3 Local Planning Guidance and Rules

- *Local Infrastructure Plans and Long-Range Plans.* Local jurisdictions may have a number of existing plans, developed to meet City priorities or to address State/regional requirements and mandates (e.g., public facility plans, transportation system plan,[12] concept plans, or other long-range plans). These plans may establish investment priorities and funding decisions.
- *Local Policies.* Cities may have existing requirements or funding policies that will need to be incorporated into the funding plan. For example, many cities in Oregon use fuel tax revenues to fund specific transportation capital projects. The City of Tigard's municipal code indicates that net fuel tax revenues are "used only for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads and streets within the city." It also says that "net revenue shall be used exclusively for improvements to the Greenburg Road/Highway 99/Main Street intersection until such improvements are fully funded." This policy would have implications for when and how this specific revenue could be used. The funding plan would need to include funding strategies with caveats like this in mind, as applicable.
- *Capital Improvement Plan (CIP).* A jurisdiction's CIP establishes the schedule and outlines the costs for delivering infrastructure and public facility improvements across a City, including their costs. Infrastructure investments listed in the Title 11 Funding Plan should also make their way into the CIP.

[11] Metro's Regional Transportation Plan: https://www.oregonmetro.gov/regional-transportation-plan

[12] Transportation System Plans are required by OAR 660-012 (Transportation Planning Rule). It provides a basis for a Capital Improvement Plan (CIP).

2.3 Fiscal obligations and constraints

A jurisdiction must consider their other fiscal obligations when establishing a funding plan.

2.3.1 Fiscal constraints and requirements for taking on debt

When available revenues are insufficient to pay for needed infrastructure on a needed or desired schedule, local jurisdictions may issue short- or long-term debt. Any debt issued is paid back using the jurisdiction's legally available funds (see ORS 287A.150 and 287A.315).

ORS Chapter 287A[13] outlines several limitations in Cities' abilities to establish mechanisms that allow a jurisdiction to take on debt. For instance,

- *General Obligation (GO) Bonds.* A public body may only issue GO bonds for capital construction or improvements. In most cases, the combination of any new and outstanding debt in a principal amount may not exceed three percent of the real market value (RMV) of the taxable property within the jurisdiction's boundaries. A City will levy taxes to repay the bond, thus, a public vote is required.
- *Revenue Bonds.* Following a 60-day noticing procedure, a public body can issue revenue bonds via a resolution, unless the public petitions (with sufficient, valid signatures) to refer the bond to a public vote. An expected source of revenue for bond repayment must be identified.
- *Short-term Borrowing (Revenue Bonds).* A public body may issue a short-term revenue bond, without debt limitations. However, to secure the bond, the public body may pledge all or part of its available revenues, establish debt service reserves, obtain credit enhancements (e.g., bond insurance policy which could be subject to debt limits), or enter into agreements to protect the owners of the bond. Short-term borrowing would occur:
  - *In anticipation of tax revenues/monies or to refund revenue bonds.* In these cases, the bond's principal amount cannot exceed 80 percent of the taxes or other revenues available to repay the bond and the bond must mature within 13 months of the issuance date.
  - *In anticipation of grants or to provide interim financing for capital projects undertaken by City.* In these cases, the bond must mature within five years of the issuance date.

Further, if a bond is pursued, the public body will also adhere to a range of loan terms, negotiated with the applicable financial institution.

[13] ORS Chapter 287A – Local Government Borrowing: https://www.oregonlegislature.gov/bills_laws/ors/ors287A.html

2.3.2 Fiscal constraints and requirements for implementing and using funding mechanisms

As discussed above, state laws and administrative rules (as well as local and regional policies), govern how local jurisdictions can implement and use some funding mechanisms. The system development charge example is shared above. Another example is local option levies. Local option levies are temporary property tax increases, approved by voters, to fund operations of local government services or capital projects. If used to fund capital projects (e.g., infrastructure investments and public facilities), the levy cannot exceed 10 years, unless the public votes in favor to extend the levy. Similarly, a jurisdiction would adhere to the priorities and use/reporting requirements of funding mechanisms and programs provided by other entities (e.g., federal/state grants, Washington County's MSTIP program, etc.)

General questions to ask when evaluating the possibility of new funding mechanisms include:

- Is there a public vote requisite to implement the funding mechanism?
- Is there a maximum fee or tax rate? Alternatively, is there a maximum revenue capacity threshold (which would require the analyst to back into a legally permissible rate)?
- Is the funding mechanism implemented permanently, or is it required to be renewed on a regular basis?
- Does use of funds involve ongoing reporting requirements? Are there other terms to be mindful of?
- Is the revenue generated from the funding mechanism completely flexible, or are there limitations on how funds can be used?

In summary, planning to fund infrastructure requires attention to far more than just Title 11, including attention to the legal constraints and requirements for different funding sources, mechanisms, and programs.

3 Funding Plan Planning Process

A typical planning process involves many steps. This chapter structures and describes a model funding plan process using the generalized steps in Exhibit 5. This chapter also presents best practices/examples to support the reader's understanding of the overall funding process.

Because plans vary in their levels of complexity, processes can vary widely too, depending on the specific circumstances of the concept or comprehensive planning process and the complexity of the funding process. For example, some cities may choose to engage more or less with stakeholders or the public depending on the kinds of strategies they are likely to recommend, especially if some of those funding tools may require a public vote or use funding resources that would otherwise be available to fund city-wide infrastructure. Some cities are less certain of their strategies and may propose a lengthy funding tool evaluation. To describe these differences, Exhibit 5 identifies process elements that are required versus optional. At times, optional elements are a recommended best practice. In other times, if time or resources are constrained, or if that level of complexity is not really needed for the funding plan, then the planning process may disregard the optional elements.

The funding plan timeline should be tailored to accommodate the following planning milestones, which are driven by the broader concept or community plan process. Because these milestones produce key inputs to the analysis that supports a funding plan, it is difficult to make substantial progress on funding plans without them.

The eventual funding plan is a product of **an iterative process** involving technical analysis; collaboration with staff, service providers, and analysts from a range of disciples; and ongoing input from elected officials, stakeholders, and (sometimes) the public.

To better integrate the funding plan with the broader concept and community plan, be sure to build the funding plan process into the larger project schedule.

The funding plan cannot be developed in a silo as the financial analysis will rely many key assumptions that are determined as part of the broader project. Because these assumptions typically change throughout the project, ensure the project team working on the funding plan is provided sufficient time to update the funding analysis consistent with the latest and greatest information.

- **Development types and amounts.** Before it is possible to project revenues, the project team must have completed enough land use planning and infrastructure analysis to understand where different types of development would occur and at what densities. These will be key inputs in your funding plan analysis.
  - For example, to calculate the amount of revenue that a new fee on households and businesses (or employees) would produce in the study area, some idea of the number of new housing units, businesses, and/or employees would be needed. Typically housing units are a known number, determined as part of the broader

planning process.[14] Number of new businesses and/or employees is not often determined. Those estimates would require additional assumptions. In that, to estimate new businesses, one could convert the amount of land planned for commercial/industrial uses (determined as part of the broader planning process) to built-square feet using land coverage or floor area ratios. Similarly, to estimate new employees, one could convert commercial/industrial land (determined as part of the broader planning process) to employees using average or generalized employee density assumptions.

- **Infrastructure cost.** Engineers or other parties have defined infrastructure projects[15] and are nearing completion of cost estimate preparation. Note that these would be "planning level" cost estimates at this point, not final engineered costs.
- **Meetings about the funding plan (i.e., with developers, stakeholders, the public, advisory groups, etc.)** should be planned in coordination with the broader Concept/Community Plan project meetings. This is to allow funding plan conversations to piggyback on related topics and to ensure meeting participants are not overly burdened with too many meetings.

[14] Further, in August 2019, the State of Oregon passed legislation known as House Bill (HB) 2001. HB 2001 requires cities with 10,000 to 25,000 residents outside of the Portland metro area to allow duplexes on each lot or parcel where a single-family home is allowed. Cities with over 25,000 residents and nearly all jurisdictions in the Metro UGB must meet this duplex requirement as well as allow triplexes, fourplexes, townhomes, and cottage clusters in all areas that are zoned for residential use and allow single-family homes. To inform the funding plan, the project team will need to address these requirements as they establish assumptions about the mix of housing in the planning area.

[15] Available funding can help the project team identify and prioritize infrastructure projects. The project team may revisit infrastructure projects identified as needed, once preliminary funding projects are prepared, to reclassify them as desired but not necessary. (One example, of the iterative nature of this work).

Exhibit 5. Funding Plan Process Steps
Source: Summarized by ECONorthwest.

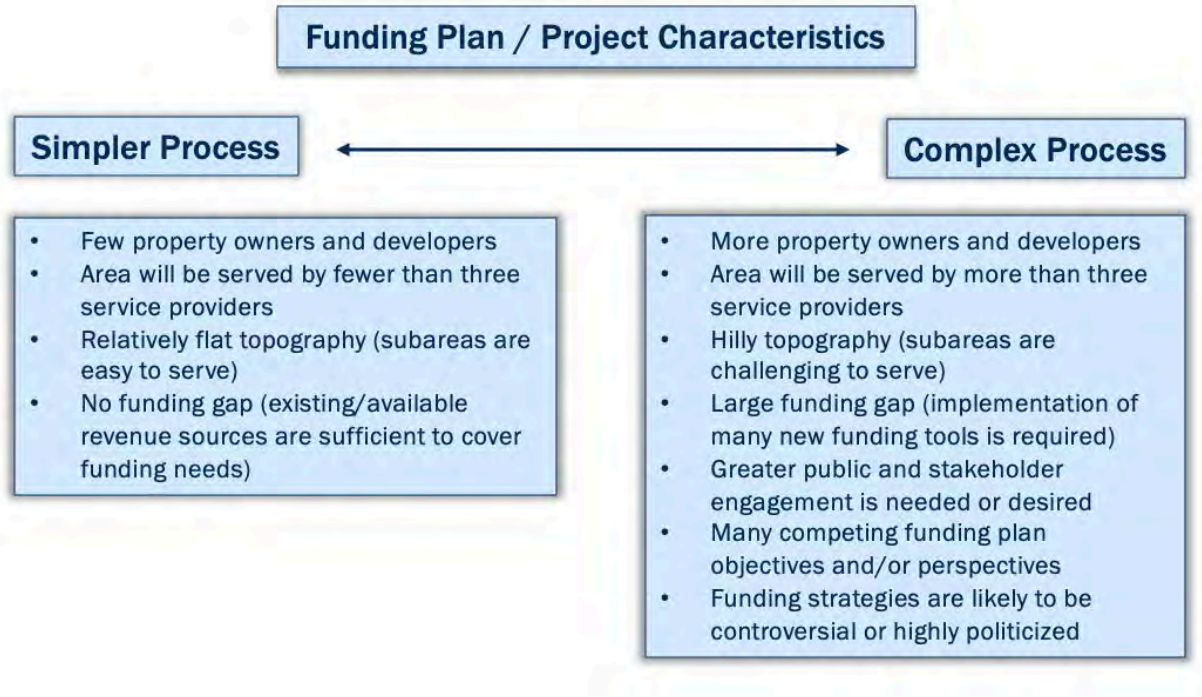
Funding Plan Planning Process Steps	Optional	Required
Step 1. Determine funding gap		
Identify needed capital projects and their costs (page 20)	☐	☒
If desired, identify operations and maintenance costs (page 21) ** this step, if pursued, would be done in a Comprehensive Plan process only**	☒	☐
If appropriate and desired, identify infrastructure phasing (page 22)	☒	☐
Estimate revenue from available funding sources (page 22)	☐	☒
Identify preliminary funding gap (page 23)	☐	☒
Step 2. Determine policy priorities guiding the funding plan		
Engagement[16] (page 24)	☒	☒
Define funding plan objectives (page 25)	☒	☐
Step 3. Develop the funding plan		
If there is a funding gap, evaluate tradeoffs of potential, new funding tools; estimate funding capacity; determine preferred new funding tools (page 29)	☒	☐
Pair revenue sources (available and new) to infrastructure project categories; address any funding gaps (page 35)	☐	☒
Test strategies and funding tools with stakeholders, service providers, and/or the public (page 39)	☒	☐
Determine next steps and prepare an implementation schedule (page 40)	☒	☐
Prepare a monitoring plan to evaluate funding plan outcomes (page 41)	☒	☐

Be sure to see the attachment, "Funding Plan Gantt Chart" for a sample and customizable funding plan planning schedule. It follows the generalized steps in Exhibit 5.

[16] Note that both boxes for "engagement" are checked. This is because Title 11 requirements do not specifically direct the project team (who is preparing the funding plan) to talk with or solicit feedback from explicit groups about the funding plan. However, the nature of the work will require some level of engagement to establish a constructive plan.

Exhibit 6 outlines several characteristics that may lead the project team to develop a simple or more complex funding plan. Should funding plan needs gravitate toward a more complex funding plan process, the project team may consider incorporating greater detail and more of the "optional" funding plan elements highlighted in Exhibit 5.

Exhibit 6. Characteristics Triggering a Simpler versus More Complex Funding Planning Process
Source: ECONorthwest.



3.1 Step 1: Determine funding gap

In Step 1, you must obtain your infrastructure project list, identify and project revenue from existing funding sources by project type, and then determine the infrastructure funding gap. The funding gap is the problem to solve for in the plan. Due to the iterative nature of this work, the funding gap may vary over the course of the project as new information is gathered and learned.

3.1.1 Identify needed capital projects and their costs

The broader planning process will identify infrastructure projects that add capacity to support new growth in the study area, in the following general steps:

- **Establish Infrastructure Plan.** An engineer will develop a framework level infrastructure plan to identify which public facilities are needed to accommodate future development in the URA or UGB expansion area. The engineer will identify the size, quantity, type, and location of the facilities. They will use this framework to estimate facility costs using a range of default assumptions or planning level cost estimates. For example, to calculate the cost for a new road, the engineer would multiply an average cost per lineal foot or mile of new road by the anticipated total length of that road.
- **Vet Facility and Unit Cost Assumptions.** Once the framework plan is developed, the engineer should work with the City's public works staff to vet facility and unit cost assumptions. This is an opportunity to refine planning level cost estimates based on local knowledge and familiarity with specific projects.
- **Aggregate Facility Costs by Project.** Next, the engineer and City (including public works staff) will work on grouping facility costs into projects. For example, a single project may incorporate more than one facility (e.g., a project might include a new roundabout and new road). In this step, work on project naming conventions and descriptions. Placing projects on a map will help with future messaging and communication.

For long-range planning purposes, engineers will typically use planning-level, Class 5 cost estimates, using unit cost factors as the basis (e.g., $X per lineal foot). Class 5 estimates are order of magnitude estimates and may have a relatively high margin of error, compared to Class 1-4 estimates (see Exhibit 7). While this is standard, document the cost assumptions in an appendix.

In addition, cost estimates are much more likely to be low than high (due to cost escalation over time and the relative margin of error of the estimates). It is not wise to estimate costs too low in an attempt to reduce potential challenges of reconciling your funding gap. Lowballing estimates will affect the SDC rate that can be used, and while there might be pressure to estimate low to reduce developer/stakeholder fee burden, ultimately this would reduce revenue potential into

the long term and set incorrect expectations about funding burden with stakeholders, elected officials, and the public.

Exhibit 7. Cost Estimate Classifications
Source: Department of Energy (June 6, 2018), Cost Estimating Guide, DOE G 413.3-21A. (AACE International Recommended Practice 18R-97, *Cost Estimate Classification System – As Applied in Engineering, Procurement, and Construction for the Process Industries* (March 2016).)

Class	Cost Maturity Level	End Usage (Typical Purpose)	Expected Accuracy Range
Class 5	0 – 2%	Concept Screening	L: -20% to -50% H: +30% to +100%
Class 4	1 – 15%	Study or Feasibility	L: -15% to -30% H: +20% to +50%
Class 3	10 – 40%	Budget Authorization or Control	L: -10% to -20% H: +10% to +30%
Class 2	30 – 75%	Control or BID/Tender	L: -5% to -15% H: +5% to +20%
Class 1	65 – 100%	Check Estimate or BID/Tender	L: -3% to -10% H: +3% to +15%

3.1.2 If desired, identify operations and maintenance costs

Costs or expenditures may be categorized in two ways: (1) capital and (2) operations and maintenance. Capital costs are one-time, up-front costs associated with the construction and implementation of a project. Operations and maintenance (O&M) costs are ongoing costs associated with keeping a project in working order after the capital investment is complete.

Capital costs are frequently presented as a lump-sum number, whereas O&M costs are frequently presented as an average annual number. An important reason to separate these two types of costs is that some funding sources may only be available or legal to use on either capital or O&M costs, but not both. Thus, funding plans typically rely on certain funding mechanisms for capital costs and different funding mechanisms for O&M. This Toolkit primarily discusses capital costs because that is what the Title 11 Funding Plan **must** address. While it is not a requirement of Title 11 funding plans, the plan can certainty acknowledge and/or address O&M costs (associated with infrastructure to serve new development) at a level of detail that feels appropriate to staff and elected officials.

3.1.3 If appropriate and desired, identify infrastructure phasing

Once a project list is prepared, the project team may consider grouping projects, by infrastructure type, in phased categories based on when certain projects are needed (i.e., creating an implementation or delivery schedule).

As a best practice for more advanced or complex plans, [17] phase projects by identifying whether they are needed in the near-, mid-, and/or long-term (or alternatively, Phase 1, 2, 3…). However, be prepared for project phasing to be revisited and revised several times over the course of the project (e.g., as land use scenarios change or as the analysis aligns project phasing with the availability of revenue in early/later years).

Establishing infrastructure phasing can help the project team identify infrastructure that is necessary for development to move forward versus infrastructure that is needed at a later date once more development has occurred. Phasing may help achieve the goals for the area but is not absolutely necessary for development to occur. For example, sewer is essential. Parks are important, but their delivery will not hold up development. Within a given category of infrastructure, new facilities to serve the area may be more essential than upgrades to existing facilities that do not meet urban standards, have existing performance issues, or are close to running out of capacity (but are not there yet). **The funding plan should try to address timing issues related to infrastructure that is critical to enabling development to begin.**

3.1.4 Estimate revenue from available funding sources

The procedures to estimate financial capacity of available revenue sources will vary by source. To generalize: talk to the City, County, and/or other service providers' finance staff about the topics outlined below. In addition, see Chapter 4 for more information about projecting revenues for several funding sources which are most commonly used to fund infrastructure.

- **Identify all revenues from sources that are currently available to fund infrastructure in the study area.** For example, if water infrastructure is currently funded by systems development charges (SDCs) and utility fees, then these existing sources should be documented and assessed in the funding plan.
- **Review methodologies, fee and tax rates, and fiscal policies describing how currently available revenue sources are imposed.** This step allows the project team to identify key assumptions that will get built into the revenue projections. Key assumptions to collect will vary depending on the source but include rates from current fee schedules; land use, household, or other unit of analysis assumptions; historical revenue growth rates; and historical or future allocation amounts.

[17] Note: aggregating costs to phasing categories can be helpful, but this practice is *not* needed for every plan. This would be an optional element that you may incorporate if the complexity of your plan warrants careful consideration of a phased development/funding schedule.

- **Build basic revenue models, considering your analysis period** (see Chapter 4 for more information). The project costs are likely to be in constant dollars (e.g., 2020 dollars), so the revenue projections should also be estimated in constant dollars (e.g., discounted for inflation).[18]
- **Discuss and vet the revenue projections and key assumptions** informing the estimates with the City's, County's, and/or service provider's finance department, or other relevant staff.

3.1.5 Identify preliminary funding gap

Identifying a preliminary funding gap might seem straightforward in concept: subtract revenues from sources that are currently available from total project costs. However, because many revenue sources are specific to infrastructure types (for example, water system development charge revenues cannot go toward sewer project costs), it can get very complicated.

Conceptually: the funding gap must be calculated for each infrastructure type. If an existing funding source is not available for a particular infrastructure category, then the funding gap is the entire cost of infrastructure in that category. If revenues from sources that are currently available for a particular infrastructure type matches or exceeds total project costs for that infrastructure type, then there is no funding gap to reconcile.

A more complicated funding gap estimate would take into consideration the availability of revenue on an annual basis and the phasing of projects over the analysis period. For instance, revenues may be sufficient over a 30-year period, but a funding gap may exist to pay for priority projects needed in the near-term (year 1-5). Projecting revenues in this way is not necessary at the concept level funding plan but it may be desired at the comprehensive planning level. This procedure is discussed more in Chapter 4. The Funding Plan Calculator, an attachment to this Toolkit, also provides a template to use.

[18] Disclaimer: not all revenue projections need be discounted for inflation. For example, if the systems development charge rate is annually adjusted based on an established cost index to account for inflation, then the analyst can skip this part of the step for that source. See section 4.3.3 for more information.

3.2 Step 2: Determine policy priorities guiding the funding plan

The project team may define principles or objectives early on to guide the funding plan planning process toward funding strategies that address intended outcomes for the plan. In general, competing objectives and policy goals are always in tension when making a funding plan. The plan is meant to enable needed development; however, the City/County/service provider must promote equity and fairness for who pays for what, and support affordability for new development. Thus, the parties developing the funding plan must have a thoughtful and intentional process to balance and prioritize those competing objectives. This process will inform the package of funding tools put together to fund infrastructure – and how heavily to lean on each tool.

3.2.1 Engagement

Engagement is a vital component of the funding plan process. In most cases, a jurisdiction will not fund all aspects of infrastructure alone. They will need partners: other service providers (e.g., Clean Water Services and Tualatin Hills Park & Recreation District), developers, and others. Engaging these stakeholders early is critical to a successful, implementable funding plan. While this "Engagement" section shows up in Step 2, the reality is, effective engagement occurs at every stage of the process. Title 11 requirements do not specifically direct cities to talk with or solicit feedback from explicit groups, so this section highlights some general best practices to consider.

First, while the funding plan process need not include everyone, more engagement can often lead to more buy-in over the long-term and more innovative solutions. The purpose of engagement for your funding plan is to help the community understand that development will not fully 'pay for itself.' It is also to engage developers and landowners in solutions that are likely to affect their property, projects, and funding.

Second, there are a number of groups that could be engaged. They are elected officials, staff, major land holders and/or developers, neighborhood groups, other taxing districts, and the public. The type and level of engagement will vary depending on the group, as outlined in Exhibit 8. In addition to Exhibit 8, the following presents a few recommendations:

- *Conduct tactical outreach with stakeholders and the public.* Stakeholder and public outreach for the funding plan is highly strategic and should occur on an as needed basis to explore the viability of specific funding tools. That said, take advantage of the larger planning process and engagement strategy to keep interested stakeholders and the general public up to date on funding decisions. These become education, information gathering, and champion building opportunities.
  - To be clear, the way you would engage targeted stakeholders, and in what circumstances, differs from the ways you would engage the public. As mentioned

above, public engagement is primarily educational to build a case for the importance of funding infrastructure in the area— especially if strategies in the funding plan require voter approval (e.g., general obligation bonds or, for some cities, tax increment finance district). Many stakeholders (e.g., developers, service providers, and major landowners) will already understand the importance of infrastructure. The project team should engage stakeholders about infrastructure delivery challenges and how various funding strategies will influence the timing of development (in addition to the ways in how specific funding strategies would impact their costs).

- *Talk to elected officials early.* Start off the project with a policy discussion with elected officials to discuss the funding plan's tradeoffs (objectives and policy goals in tension). For example, various parties affected by the funding plan will all have a self-interest: the public wants development to pay for itself, developers want the City/County/service provider to pay and lead infrastructure delivery, affordability advocates want outside parties to pay as much as they can to make development as affordable as possible. These interests are in tension and the funding plan process must sort through this to establish priorities and objectives. It is best to get direction and buy-in from elected officials early on and use that direction as guiding principles to develop the plan content and home in on funding strategies.
- *Continue to leverage resources.* Do not develop strategies in a silo. As the team contemplates more nuanced funding strategies, leverage relationships with partners, stakeholders (major landowners and developers), and service providers and continue to provide a channel for open communication. Bringing diverse perspectives to the table can prompt innovative ideas and air concerns that will enable stronger solutions. Further, creative solutions also require buy-in from actors other than elected officials – this will safeguard long term support for strategies documented in the plan.

3.2.2 Define funding plan objectives

A funding plan benefits from guiding principles or objectives. Objectives are ideas that influence decision making. They define desired outcomes based on a community's values, vision, or goals. They can also help to resolve a range of divergent perspectives during the funding strategy selection process.

Examples of objectives or funding plan guiding principles include:

- *To demonstrate that the planning area is a priority to the City, the City will take the lead in catalyzing infrastructure development by contributing available revenue to key projects.* This objective provides responsibility assurances, which could signal to stakeholders/the public that the City is committed to certain types of investments, such as supporting multi-modal solutions. To add weight, the objective could list specific funding sources and/or key projects by name.

- *To the extent possible, take advantage of grants and low-interest loans to offset the need to impose new fees and taxes.* An objective like this suggests that parties will commit to allocating resources toward the pursuit of grants and loan programs. The funding plan should still list other funding strategies, should monies not be awarded/received.
- *Prepare a realistic financing plan for infrastructure and feasible implementation strategies.* This is the guiding principle from the South Cooper Mountain Funding Plan (2014). This objective suggests that the plan should be as accurate of a prediction of the outcome as possible. It should not be a plan that sits on a shelf because implementation is an impossibility. For example, recommending a new funding tool that is not currently legally permissible may not be realistic; recommending a funding tool that has a history of success in Oregon would be realistic.
- *Establish a funding plan that promotes racial equity.* If a desired outcome of the plan is to enable distributive justice, consider including a "funding equity" objective. It would recognize that the history of racially discriminatory development and housing policies in this country (including in Oregon) cannot be ignored in funding conversations.
- *Prepare a funding plan that will pay for the development and maintenance of the investment over its useful life.* This objective suggests that the funding plan should go beyond the minimum of funding/financing the capital improvements, but that it should identify/plan for ongoing operations and maintenance (O&M) costs as well.

Exhibit 8. Group Engagement Overview
Source: ECONorthwest.

Group	Typical Interests	Purpose of Engagement	Questions to Ask	Information to Collect	When to Engage	Outreach Type
Elected Officials	Protect own fiscal interest, promote equity and fairness for who pays for what, and support affordability of new development	To bring key decision makers along in the process so they may make informed decisions	- Who is responsible for paying for infrastructure in the URA's? - What are local governments' obligations? - Should the funding plan promote other policy objectives (e.g., affordable housing, multi-modal improvements, etc.)?	Perspectives on who should pay for infrastructure, through what sources, and what amounts; obtain input on funding priorities and funding strategies	Early in the process and when key decisions are made, especially if city-wide funding sources are likely to be needed	Meetings and work sessions
Staff at partner govt. (City, County, Metro)	Ensure orderly and effective development of expansion areas, contribute fiscal interests only where necessary to meet goals that align with their interests, promote equity and fairness for who pays for what, and support affordability of new development	To leverage resources and discuss issues and opportunities with department heads and their staff who will ultimately be responsible for plan outcomes	- What existing funding sources are available to fund infrastructure? What are their rates? - What new funding tools might be possible to implement? - What are your ideas or expectations about which funding sources should/should not be used to fund specific projects? - What opportunities do you see to link the infrastructure funding plan to other policy objectives?	Perspectives on who should pay for infrastructure, through what sources, and what amounts; obtain input on funding priorities and funding strategies	Throughout the process	Technical advisory committee meetings and internal work sessions

Group	Typical Interests	Purpose of Engagement	Questions to Ask	Information to Collect	When to Engage	Outreach Type
Major Landowners and Developers	Reduced and limited development costs	Stakeholders should have an opportunity to engage with the project team to provide feedback on strategies that affect them and their money	- What is the threshold of "fee tolerance"? In other words, how much of the infrastructure costs can the funding plan assign to new development before the development project no longer pencils out?	Perspectives on who should pay for infrastructure, through what sources, and what amounts	Targeted, as needed	Stakeholder interviews and focus groups
Service Providers	Coordinated delivery of infrastructure and funding	To leverage resources and discuss issues and opportunities with department heads and their staff who will ultimately be responsible for key services / public facilities	- What existing funding sources are available to fund infrastructure? What are their rates? - What projects is the service provider planning to deliver? What is the anticipated timeline for delivery?	Perspectives on who should pay for infrastructure, through what sources, and what amounts; obtain feedback on impacts to services and taxing authorities	Throughout the process	Meetings, focus groups, interviews
N/hood Groups, Under-represented Groups, and/or the Public	Limited or no new taxes, fees, and rate increases	Education; in addition, the public should be provided an opportunity to engage with the project team to provide feedback, as appropriate	- What are your thoughts about the funding strategy as proposed?	Obtain feedback on interim findings for the funding strategy	Targeted, as needed	Direct outreach to under-represented groups, surveys, public or community advisory committee meetings

3.3 Step 3: Develop the funding plan

At this stage of your process, the team has collected a wealth of information and data. After a few more exercises, described in the sub-sections below, the project team may begin to document and message the funding strategies and implications in the funding plan.

3.3.1 If there is a funding gap, evaluate tradeoffs of potential, new funding tools; estimate funding capacity; determine preferred new funding tools

Existing funding sources are often insufficient to fund infrastructure in new urban areas. In these instances, the funding plan must identify new opportunities to address the funding gap. One option is to implement new, local funding tools (taxes and fees). However, while many tools exist, not every tool will be achievable or effective for every community. Thus, some evaluation of the relative performance or likely success of various new tools should be done to inform decision makers.

The level of effort you put into the funding tool evaluation may vary. For example, based on funding plan objectives and priorities (identified in Step 2), the project team may already know which new funding tool(s) the plan will identify to fund the infrastructure gap. Or, based on findings from Step 1, the project team may already know that there is no funding gap to solve for (and therefore, no new tools are needed).

This section summarizes research on funding tool evaluations to offer insight into the ways in which municipalities may assess the tradeoffs of various funding options. It provides a framework in which to narrow down the gamut of funding tool options to those that are most feasible. An additional component of this subtask is to estimate funding capacity for these new tools. This piece is not discussed much in this chapter; for more information about this, see section 3.1.4 of Chapter 3 or Chapter 4.

Best Practice Key Takeaway: Evaluating new funding mechanisms is not a requirement of Title 11 finance plans but it is an important practice if the jurisdiction must consider new taxes and fees as a strategy to cover infrastructure costs. Consider these steps if using a funding tool evaluation to identify appropriate, new tools to implement:

1. Determine which funding tools to evaluate (see Chapter 4 for options).
2. Determine who will build out the evaluation and then use three to five criteria as benchmarks to compare the tradeoffs of various funding tools.
3. Estimate financial capacity for each funding tool considered.
4. Gather feedback and input on the evaluation (e.g., from elected officials, staff, stakeholders, the public, etc.). Using this feedback, refine the evaluation as needed.
5. Step back – discuss which tools fared the best across each criterion. The short list can be further evaluated when addressing funding gaps.

Evaluation criteria

A comprehensive evaluation relies on criteria. Criteria are benchmarks to compare how one tool fares against another tool. There are many criteria to evaluate potential local funding mechanisms. This Toolkit highlights four criteria based on experience with similar projects in other jurisdictions: **(1) legality, (2) efficiency, (3) fairness, (4) political acceptability, (5) timing, and (6) compatibility with existing funding measures.** The following provides details on each of these criteria. In addition, the Toolkit Glossary defines these and other evaluation criteria.

Legality

If a funding mechanism is prohibited by state statute (or limited to specific uses, such as the transient lodging tax[19]), then there is a big administrative hurdle to be overcome up front. All the benefits of a funding mechanism are moot if the mechanism is not legal or cannot become legal within the desired timeframe.

Even for mechanisms that are legal, the real issue is whether the mechanism has detailed and complicated legal requirements that would (1) require a lot of work and cost to implement the mechanism; (2) raise the likelihood of legal challenge; (3) raise the likelihood that any legal challenge would actually be successful; or (4) reduce political acceptability by adding uncertainty and cost to the implementation process.

Legality can be treated as a screening criteria. If the mechanism is not legal and too hard to make legal in the time available, or too complicated to implement because of legal requirements, then remove the mechanism from the list of the ones meriting further consideration**.** Otherwise, evaluate the mechanism against the next three criteria.

Efficiency

This criterion covers everything related to creating and maintaining net revenues (net of collection costs). We divide efficiency into five subcategories, which could become individual criteria in and of themselves. The subcategories are: (1) capacity, (2) timing, (3) administrative ease, (4) stability/predictability, and (5) flexibility.

- *Capacity* considers how much revenue the mechanism can generate. The amount any mechanism can raise is directly tied to the rate imposed, and the rate imposed is always at least partially determined by legality and political acceptability.
- *Administrative ease* considers the portion of gross revenues that will be spent on administration. The easier it is to administer the mechanism, the more of the gross revenue collected that will be available as net revenue for capital or operations and maintenance. Increasing the rate of an existing funding mechanism is often easier (cheaper) to administer than a new mechanism.

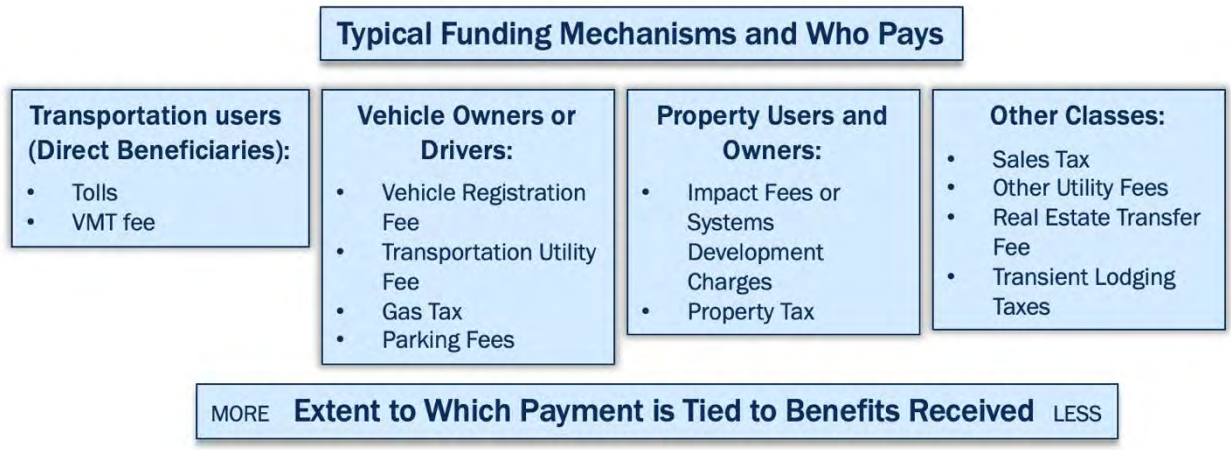
[19] For example: The State enacted legislation in 2003 that requires new or increased local transient lodging taxes to dedicate at least 70% of net revenue to fund tourism promotion or tourism-related facilities.

- *Stability / predictability* considers whether the mechanism is likely to avoid large fluctuations each year and whether the revenue it generates is likely to be close to the forecasts that analysts might make. The more stable a mechanism, the more it can be assumed to contribute constant revenues over time. Stability of funding is critical for operations and maintenance, while capital improvements can be implemented in response to development as it occurs.
- *Flexibility* considers limitations on the types of projects that can be funded with a given mechanism. A mechanism may be less useful if its use is limited to certain types of projects. In general, flexibility is a positive attribute because there is a greater ability to channel funds toward uses with the greatest net benefit at any point in time. The flip side is that if a revenue tool is too flexible it can be difficult to "protect" it from being redirected to other uses.

Fairness

Fairness, also referred to as equity, can be defined in many ways. In the context of transportation funding, a key question related to fairness is "who pays?" (see Exhibit 9). A standard definition of fairness in public finance is that the charges that fund the transportation system are tied to the users who receive benefits from (or impose costs on) the transportation system, unless there are groups that have been singled out for special treatment (typical categories: low income, age, physically disadvantaged).

Exhibit 9. Typical Transportation Funding Mechanisms, Organized by Who Pays
Source: ECONorthwest.



That definition makes it clear why fairness is a judgment (normative) call: it depends on perspective. One person might judge a funding mechanism fair because users pay; another person may judge the same mechanism unfair because many users have low incomes and society should be providing them those services at less than full cost.

Other questions related to fairness include:

- Do both businesses and residents have to pay?
- Are there entities/groups of people that benefit from the improvement but would be exempt from paying (for reasons other than equity / ability to pay considerations)?
- Are costs proportional to ability to pay (as measured by income, or property value)?
- Are costs proportional to the impact generated by the entity paying?
- Is there a nexus between the funding tool source (where money derives) and the project cost to be funded??
- Are certain groups (e.g., low-income persons) protected from undue financial burdens?

Political acceptability

One may think that if a mechanism is legal, efficient, and fair that it would be politically acceptable. While this is true in some situations, it is not always true. Many times, jurisdictions have pursued the adoption of a funding tool that seemingly scores well on those criteria, only to have their efforts fail because the tool was politically unpopular. Political acceptability is an important criterion to include because it is important to not only understand how each tool scores against technical criteria, but also to understand: (1) whether the tool has proven to be politically acceptable when other jurisdictions have attempted to use it, (2) whether there is a history of similar efforts failing in the community, and/or (3) whether organized opposition already exists (or is likely to transpire) that would challenge the idea.

Timing

Timing considers when revenues will become available. Mechanisms that do not provide revenue until after private development occurs, such as tax increment financing, may be ill suited to fund up-front construction costs.

Compatibility with existing funding measures

Compatibility with existing funding mechanisms evaluates the extent to which new tools will align with existing sources of revenues or create barriers to development, confusion with payers, or undue administrative burden. For example, if imposing a supplemental TSDC, the city could align the land use categories with TDT rate land use categories for consistency.

Evaluation frameworks

The following pages present frameworks for thinking about funding tool evaluations. Use these examples to structure the evaluation or create a custom evaluation (note, the examples are meant to be illustrative, rather than comprehensive).

Exhibit 10 presents a text-based evaluation matrix that describes various funding tools with brief comments on the advantages and disadvantages of each tool. The advantages and disadvantages are mostly general (as in, not entirely specific to the municipality). This option offers a relatively straightforward way to communicate the merits/drawbacks of each tool.

Exhibit 10. Potential Public Transport Funding Sources
Source: Litman, Todd (2016). Evaluating Middle Tennessee Region Public Transportation Funding Sources. Victoria Transport Policy Institute. http://thetransitalliance.org/wp-content/uploads/2016/10/Evaluating-Middle4-Tennessee-Region-Public-Transporation-Funding-Sources.pdf

Name	Description	Advantages	Disadvantages
1. Fare increases	Increase fares or change fare structure to increase revenues.	Widely applied. Is a user fee (considered equitable).	Discourages transit use. Is regressive.
2. Discounted bulk passes	Discounted passes sold to groups based on their ridership.	Increases revenue and transit ridership.	Increases transit service costs and so may provide little net revenue.
3. Property taxes	Increase local property taxes.	Widely applied. Distributes burden widely. Produces significant revenue.	Supports no other objectives. Is considered regressive.
4. Sales taxes	A special local sales tax	Distributes burden widely, including to non-residents. Significant revenue.	Supports no other objectives. Is regressive.

Exhibit 11 presents a qualitative evaluation matrix using a scale comprising symbols. Unlike Exhibit 10, it considers how each tool fares across six dimensions, or criteria, (e.g., effectiveness vs equity, etc.). This tool may prove to be a helpful summary; however, it should be backed up by research. One should be able to explain / document the rational for the scale; in essence, what makes a tool "very good" versus "good?"

Exhibit 11. Evaluating New Regional Revenue Sources in a Fast-Growth MPO
Source: Institute of Transportation Studies, Berkeley California (2005). Metropolitan-Level Transportation Funding Sources.

	Revenue Criterion					
	Financial Effectiveness					
Revenue Source	Stability	Growth Potential	Transportation Efficiency	Fiscal Efficiency	Equity	Political Acceptability
Direct User Fees						
Fuel tax on motor & diesel fuels	++	–	+	++	–	±
Sales tax on motor & diesel fuels	++	+	+	++	–	±
Aviation fuels tax	+	++	– –	++	++	±
Flat tolls (facility-based)	++	++	+	+	+	±
Variable tolls						
Area-based tolls	++	++	++	++	±	±

Scale:
++ very good
+ good
± neutral / dependent upon local circumstances
– poor
– – very poor

Exhibit 12 presents an evaluation graph that differentiates existing and potential, new funding tools. Tools are placed on a point along the graph's X and Y axes to illustrate how it fares across economic considerations (equity, efficiency, and impact) and efficiency considerations (implementation and administration). The size of each point corresponds to revenue generation potential. This option benefits by providing a visually intriguing summary of more extensive background research. However, without the supplementary research, this option would likely trigger questions about *why* tools were placed where they were placed on the graph.

Exhibit 12. Policy Optimality Considerations for Federal Revenue Options ($ in billions)
Source: American Association of State Highway and Transportation Officials (2014). Matrix of Illustrative Surface Transportation Revenue Options. http://downloads.transportation.org/TranspoRevenueMatrix2014.pdf

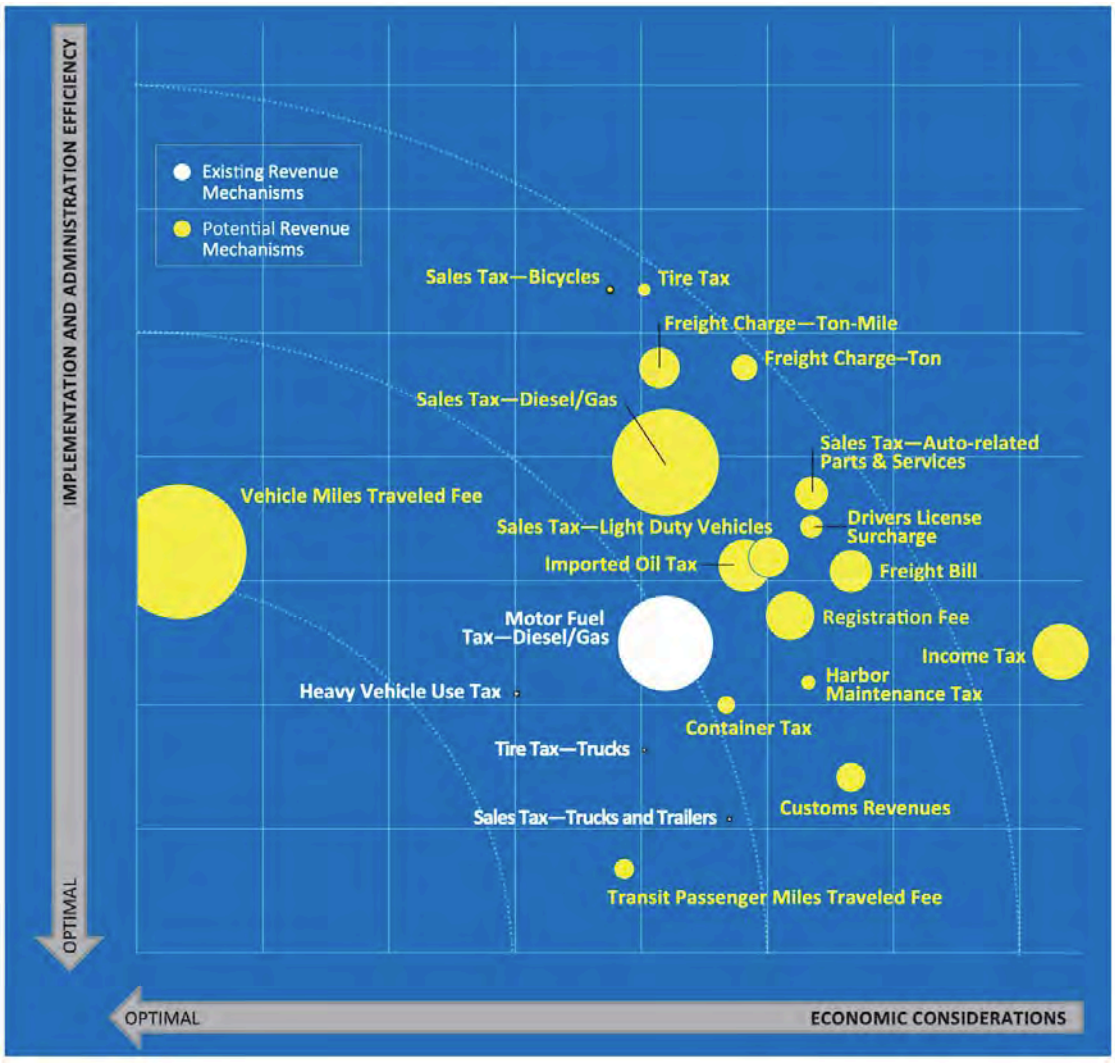


Exhibit 13 presents a portion of a more comprehensive matrix evaluating various funding tools. Compared to Exhibit 10, tools are described and evaluated in greater detail. Compared to Exhibit 11, the matrix uses a tri-colored scale rather than symbols. Similar to Exhibit 11 and Exhibit 12, this exhibit ties its evaluation to specific criteria.

Exhibit 13. Funding Tool Evaluation Matrix
Source: ECONorthwest.

Funding Source	Legality	Efficiency	Fairness	Political Acceptability	Financial Capacity
Fuel Tax A fuel tax is a tax on the sale of gasoline and other fuels. Local jurisdictions in Oregon may enact their own fuel taxes, which apply in addition to state and federal fuel tax.	Local fuel taxes are currently legal and have been enacted by more than 25 cities and counties in Oregon, including Sisters; rates range from $0.01 to $0.10 per gallon. As with all funding tools, the legality of local fuels taxes could change.	A fuel tax may be vulnerable to economic downturns. As vehicles become more fuel-efficient over the long-term, fuel tax revenues will decline. Fuel tax funds could be used for a variety of transportation uses (O&M and capital costs). In Oregon, local fuels taxes are typically administered by the state.	Local fuel tax revenue is paid only by motorized users of the transportation system, and the amount of tax paid is generally proportional to the amount of use. However, the amount of fuel used is not directly proportional to the cost a user imposes on the system.	In 2016, voters rejected a local fuel tax of $0.05 per gallon that was expected to generate approximately $2.5 million per year. The measure lost by a nearly 2-to-1 margin. Better outreach, including the potential tax as a ballot measure during a regular election, could help this to be more successful.	$$ The $0.05 fuel tax that was proposed in 2016 would have generated $2.5 million per year. A seasonal fuels tax and/or a lower tax rate would generate less revenue.

Feasible	Potentially Feasible	Not Feasible
Tool fares well across criteria	Tool presents mixed results	Tool doesn't fare well across criteria

3.3.2 Pair revenue sources (available and new) to infrastructure project categories; address any funding gaps

This section describes the process of preparing a preliminary funding strategy by pairing revenue tools (and corresponding financial capacity) to infrastructure project categories to address costs and to reconcile any funding gaps. As Exhibit 14 shows, there are many ways to pair revenue sources to infrastructure project categories.

Exhibit 14. Example Transportation Infrastructure Funding Plan Strategies
Source: Compiled by ECONorthwest using the infrastructure funding plans for each planning area.

Planning Area	Total Cost (in $millions)	Transportation funding strategy
URA 6D – King City West	$57.3m	▪ Supplemental fee: 100% - offset by existing SDCs
River Terrace	$149.6m	▪ Private cost: 40% ▪ SDC citywide: 20% ▪ Developer contribution: 18% ▪ Transfers: 7% ▪ TDT: 7% ▪ Utility fee surcharge: 3% ▪ SDC subdistrict: 2% ▪ Grants: 2% ▪ Washington County share: unknown
South Hillsboro	$225m	▪ New tools: 39% ▪ Regional share (e.g., MSTIP): 34% ▪ SDCs: 27%
Evergreen	$51.6m	▪ Developer requirements: 95% ▪ TIF: 16% ▪ *(surplus revenues identified)*
South Cooper Mountain	$112.4m	▪ TDT: 27% ▪ Developer contribution: 27% ▪ New SDC: 24% ▪ MSTIP: 21% ▪ Other: <1%

To develop a preliminary strategy, follow the five steps outlined below, which refer to the generalized infrastructure funding table in Exhibit 15.

1. List the present value of costs of a given infrastructure type in column 1 of Exhibit 15.
2. Identify the funding sources, anticipated for use, [20] in the header row of column 2, 3, and 4 of Exhibit 15. Add more columns if more sources are needed. List the present value of total revenue for each source in the "total" row of column 2, 3, and 4. Note: financial capacity estimates are calculated as part of Step 3.1.4 and Step 3.3.1.

[20] A note about allowed uses of existing funds: Many funding mechanisms have strings attached; they cannot all be used for any purpose. For example, urban renewal dollars can only be used for investment in eligible capital projects (projects that are located within the URA boundary, are identified in the URA plan, and that contribute to the alleviation of blight within the URA). It is possible to have sufficient revenue from available revenue sources to cover costs, but if these revenues are not eligible to cover specific project costs, then the funding gap is miscalculated.

3. Disaggregate and line up funding capacity estimates to show the portion of each source that will fund specific projects. For example, Exhibit 15 shows that three projects are SDC eligible and one larger project will be paid for through a Local Improvement District. It also shows that a new utility fee is planned to cover two projects (totaling $75,000). Check the sums of each funding source column; be sure the disaggregated funding estimates equals the aggregated estimate (total) by source.
4. Determine the "estimated surplus or deficit." Subtract "total" revenues of the three funding sources from the "total" cost column. Ideally, revenues and costs will match, or a surplus will be identified.
    a. If a surplus is identified, the analyst could scale back one of the funding sources (e.g., reduce the LID amount) to break even.
    b. If a deficit is identified, the analyst could scale up one of the funding sources or include another new funding tool. As another option, in some cases it may make sense to reduce the project list instead of increasing funding capacity. This conversation has to happen in coordination with the larger planning process. A project list, phased in order of priority, can make the process of cutting back projects easier.
5. Repeat these steps so a table, similar to Exhibit 15, is produced for each infrastructure type.

The project team may, however, consider a simpler approach, as the level of detail in Exhibit 15 may be more than is necessary for some funding plans and, in particular, for concept-level funding plans. In that, the time it takes to line up revenues to specific projects can get very complicated in practice – especially if the infrastructure category comprises many projects and many funding sources are needed to cover costs. Further, and among other questions, the project team will have to have some understanding of which projects are SDC eligible (e.g., the full project list, or just a portion), which new funding sources will go to which specific projects, the extent to which there are legal limitations about sources that can/cannot be paired with specific projects, etc. Thus, to alleviate some of the pressure, consider the funding strategy presentation option in Exhibit 16 or the options presented in the funding plan table templates (Chapter 6 and 7).

Exhibit 15. Preliminary Funding Strategy Presentation Example for Hypothetical Sewer Infrastructure Projects and Costs
Source: ECONorthwest.

Column:	*1*	*2*	*3*	*4*
Sewer Infrastructure	**Costs (Total, $ 2020)**	**Funding Sources ($ 2020)**		
		SDC	**New LID**	**Developer Contributions**
Sewer Project A	$1,000,000	-	$1,000,000	-
Sewer Project B	$500,000	$500,000	-	-
Sewer Project C	$100,000	$50,000	-	$50,000
Sewer Project D	$25,000	-	-	$25,000
Sewer Project E	$25,000	$25,000	-	-
Total	**$1,655,000**	**$575,000**	**$1,000,000**	**$75,000**
Estimated Surplus or Deficit	**$0**			

Exhibit 16. Alternative Preliminary Funding Strategy Presentation Example for Hypothetical Infrastructure Costs
Source: ECONorthwest.

Column:	*1*	*2*	*3*	*4*
Sewer Infrastructure	**Total Costs ($ 2020)**	**Funding Sources ($ 2020)**		
		SDC	**New LID**	**Developer Contributions**
Total Costs & Revenues	$1,655,000	$575,000	$1,000,000	$75,000
Estimated Surplus or Deficit	**$0**			

For transportation, a hybrid of Exhibit 15 and Exhibit 16 may benefit the funding plan from a communication perspective as, although specific funding may not be allocated on a project by project basis, the individual projects and their costs typically always need to be listed out individually.

3.3.3 Test strategies and funding tools with stakeholders, service providers, and/or the public

Before the funding plan is finalized, it should be tested with a variety of groups that have vested interest in the success of the funding plan, who may be affected by the strategies documented in the funding plan, or who have a responsibility for implementing the plan.

Other sections in this Toolkit build on this step and provide more information. See section 3.2.1 Engagement and Chapter 5.

A good starting point is to recognize that each group (developer, major landowners, service providers, the public, etc.) will have different needs, interests, and constraints. And, because different funding tools will affect each group in different ways, as the team narrows the funnel to specific tools or strategies, the team should target outreach to the specific groups who will be impacted the most. A few examples:

- A local improvement district will affect property owners in a specific geographic area. Thus, there is no need to explicitly target outreach to the general public. The project team would determine the viability of this strategy through discussions with existing land and property owners in that area.
- A fuel tax imposed citywide will affect groups who own vehicles and purchase fuel in the city. Implementation requires a public vote, thus, some education and testing with the general public is needed.
- A revenue bond backed by a public body's revenues from sources that are currently available would be tested with public officials and department heads to determine the extent to which funds can be appropriated to repaying the bond. Because constituents can petition to refer a revenue bond to a public vote, some discussion with the general public is advised.
- A franchise fee is established via a contract between a City/County and a utility company/service provider for use of the jurisdiction's public rights-of-way. Terms are likely to be negotiated behind closed doors between the service provider and City/County and, thus, targeted outreach to other groups is not necessary.

When testing strategies, the project team should consider the general disposition groups have to specific strategies. What are their concerns, likes, and dislikes? What is the tone of the conversation? Are the opinions shared representative of the entire group?

Importantly, the project team will also want to understand various persons/groups "fee tolerance." Tolerance for fees and taxes will vary by group. To generalize, tolerance can be understood categorically: no tolerance, some tolerance, unlimited tolerance. When it comes to the funding plan, no group is likely to have or admit to having unlimited tolerance to fee/tax increases. On the other hand, some groups may truly have no tolerance for fee/tax increases;

these groups include existing/future households that are extremely or very low income or businesses that are already operating on the margins. The project team will want to understand the needs of this group and craft a funding strategy with their financial limitations in mind.

Many groups may be able to provide an idea about how much they would be willing to pay for specific projects that reduce infrastructure capacity issues or that adds benefits (e.g., a new corridor, new park, etc.). Developers are typically able to provide a general threshold number (e.g., $XX per acre or $XX per sq. ft.), that if surpassed would impact development feasibility.[21]

In general, testing strategies with various groups allows the project team to assess potential consequences of the funding plan's strategies. Among other consequences, the project team must determine whether any particular strategy would:

- Limit developers' willingness to develop in the area
- Reduce landowner's willingness to annex into the city[22]
- Impact ability to build projects when they are needed
- Negatively impact housing affordability
- Overburden low-income residents and/or small businesses owners

The project team may need to pivot to other funding strategy options should they not fare well with the broader community.

3.3.4 Determine next steps and prepare an implementation schedule

The funding plan is developed, refined, and finalized: the next steps include adopting the plan and implementing the plan.

Adopting the plan will require parties to message the Plan's recommendations to elected officials, stakeholders, and the public. At this point, the planning process should have brought various stakeholders and service providers along and gathered their feedback at key stages in the overall process. If this occurred, these parties will recognize the need for infrastructure and capital spending, and they will understand why the Plan proposes specific strategies.

Once the plan is adopted, the real work begins. Next steps will require careful messaging of (1) how the City/County/service provider will use revenues from sources that are currently available (especially if the plan appropriates funds from other uses) and (2) the purpose and

[21] This determination is also part of a negotiation as developers have every incentive to identify a lower number. That does not mean the project team should not ask, but the team should take it with a grain of salt and evaluate those numbers across comparable areas.

[22] Although, if landowners want to develop their properties, they will need to annex into the city because Metro now requires all UGB expansion areas to be annexed to a City prior to development.

value proposition for any increased taxes that might be needed to fund projects. Because many funding plans are advisory, the implementation of specific funding strategies – which can be thought of as action items – may require their own process.

To keep things organized, develop an implementation schedule. Arrange each of the recommended funding strategies along a continuum or phasing schedule. This will serve as target timeframes over which a specific action is expected to make an impact and achieve outcomes. As implementation will occur over many years, be sure to review and update the implementation schedule or action plan an ongoing basis to ensure accuracy and relevancy.

3.3.5 Prepare a monitoring plan to evaluate funding plan outcomes

A monitoring plan can help your funding stay on track to achieving its objectives and goals. Keep it simple. Identify a lead or responsible party who will carry out individual actions or next steps. Include the implementation schedule, the outcome expected, the level of monitoring and review that is needed, a contingency plan (if desired), reporting interval frequency, etc. Exhibit 17 presents an example monitoring plan.

However, to importantly note, *fiscal monitoring* of costs and revenues should happen annually to stay on track. Consider the following factors that may change over the years:

- Cost escalation or other changes in cost structure
- Fiscal and economic conditions in the community
- Plan or project priorities
- Local or other policies

Exhibit 17. Example Monitoring Plans for Action Items
Source: ECONorthwest.

Action	Schedule	Outcome	Level of Monitoring and Review	Responsible Party
Adopt General Obligation Bond Measure	Year 1 - 5	Successful public vote for GO Bond totaling $$ in financial capacity	As needed to accommodate ballot schedule and public outreach/educational campaign	Finance Dept., supported by City Manager's Office
Update System Development Charge Rate	2023	Establish SDC rate change by ordinance or resolution. Prior to this, update CIP, Public Facilities Plan, and cost estimates for each improvement.	Annual monitoring and coordination; update SDC rates annually (to address inflation and project needs)	Public Works Dept.

4 Funding Options and Revenue Projections

This chapter presents information about funding options. While it conveys funding mechanisms that could be available, it does not comment on the viability of these tools in specific communities. To understand which options might work best in any given community, more work is required. See Section 3.31.1 to learn how to narrow down options to a short list of funding tools that could become funding strategies in the plan.

In addition, this chapter discusses procedures and assumptions for projecting revenues for the most commonly used funding tools in infrastructure funding plans.

4.1 Key concepts

Infrastructure funding comes from a mix of federal, state, regional, and local funding mechanisms and programs. From the perspective of government (cities, counties, regional agencies, special districts), funds from federal and state sources are preferred to local and county sources: that means they do not have to charge their citizens fees or taxes for new projects and O&M. Local governments have strong incentives to be well informed about standard and special programs by which they can receive such funds.

Even with strong federal and state funding, local governments usually need their own sources of revenue. They have *local funding mechanisms* to provide the infrastructure system they want (and to have funds to match federal and state funding programs). Federal and state funds have never covered, and were never intended to cover, all local infrastructure needs.

Thus, this chapter provides a deep dive into various infrastructure funding options one may consider in their funding plans. As a preface, we define some key concepts and terms that may inform a common language about funding.

4.1.1 Funding vs. financing

The terms "funding" and "financing" are often are used interchangeably but there is an important difference.

Infrastructure costs money, and somebody has to pay those costs. The ultimate source of revenue for these costs is funding.[23] Funding comes from households and businesses that pay taxes and fees that give the various levels of government money to build and maintain the system, and to operate programs associated with the system.

[23] **Funding** is the use of funding mechanisms to pay for projects (money that does not need to be paid back)

When the funds for costs are borrowed and paid back over time, then these costs have been financed.[24] Public agencies finance costs for the same reasons that households and businesses do—to reduce the current out-of-pocket costs by spreading out payments over time (e.g., financing a housing purchase with a home mortgage; the funding to pay the mortgage over time typically comes from the homebuyer from income received from a job). The ultimate source of funding for financed costs is not the financing instrument itself—e.g., bonds—but rather the revenue sources used to repay the borrowed funds.

Since financed costs must be paid back over time, financing the costs cannot increase the total amount of funding available in an area over a long-term planning period. Financing the costs merely makes future funding available earlier, at the cost of the interest charged to borrow the funds. Financing the costs actually decreases the level of future funding available for transportation by adding the cost of interest.

4.1.2 Sources, mechanisms, and programs

"Source," "mechanism," and "program" are terms that are often used interchangeably when discussing funding. The report tries to use each term to cover a slightly different concept:

- A source is the entity that pays for the funding. We look at sources of funding two different ways (1) the unit of government that provides funding directly to a project (government source), and (2) the group of persons or businesses that pay the money to the government (the ultimate source). ODOT, Washington County, businesses, and developers are all examples of potential sources of funding.
- A mechanism (also called a tool) is the method that is used to charge persons or businesses (i.e., to charge certain sources) to generate the funding. Examples of funding mechanisms include local option levies, system development charges, and utility fees.
- A program is an ongoing, well-defined approach for funding or spending a specific sum of money, usually with a specified funding source, and with clear rules on what projects can receive funding, and what dollar amounts those projects can receive. Washington County's Major Street Transportation Improvement Program (MSTIP) is an example of a program.

[24] **Financing** involves the leveraging and securitizing of funding mechanisms to cover development costs (money that was borrowed for the project and is paid back over time)

4.2 Funding options

There are many ways to think about funding options. This Toolkit describes them in four categories: (1) local fee- and tax-based funding mechanisms, (2) regional funding options, (3) state and federal funding programs, and (4) developer contributions.

4.2.1 Local fee- and tax-based funding options

Local jurisdictions typically have access to several existing local funding options that may be used to pay for infrastructure. These options vary by jurisdiction but might include systems development charges, gas taxes, transient lodging taxes, etc. If the jurisdiction does not control many infrastructure funding tools (or the appropriation of revenues sources currently available to different uses is not practical or possible), then consider proposing new fee- or tax-based funding mechanisms to demonstrate there will be adequate funding for identified infrastructure needs.

A list of local funding mechanisms that may be used to fund infrastructure is outlined below. **For more information about many of these funding mechanisms, see the Toolkit Glossary.** For the tools highlighted, the Toolkit Glossary offers definitions, explanations of how each tool works, legal constraints and/or requirements, as well as revenue availability, implementation, and other important considerations as applicable to the tool.

- Advertising and naming rights
- Business fee
- Franchise fee
- Fuel (or gas) tax
- General fund allocation[25]
- General obligation bond
- Local improvement district
- Local option levy
- Parking fee
- Reimbursement district
- Revenue bond
- Sales tax
- Special district
- Supplemental system development charge
- Systems development charge
- Tolls
- Transient lodging tax
- Urban renewal
- Utility fee and other rates

[25] The general fund is technically not a funding mechanism, but an account that all local governments have, where a variety of unrestricted revenue sources are collected.

Some of the most commonly used local tools to pay for infrastructure, are described in brief below.

- *Systems development charges:* Systems development charges (SDCs) are fees paid by land developers and are intended to reflect the increased capital costs incurred by a municipality or utility as a result of a development.[26] Enabling legislation provides a uniform framework that all local governments must follow to collect SDCs. SDC revenue can only be used to fund capital improvements for water supply, wastewater collection, drainage and flood control, transportation, or parks and recreation.
- *Local improvement districts:* LIDs are a type of special assessment district where nearby property owners inside a defined area are assessed a fee (typically a property tax assessment) to pay for capital improvements within the LID boundary.
- *Franchise fees:* A utility franchise (sometimes referred to as a privilege tax) is a contract between a public body and a utility company that outlines certain requirements for the utility to use the city's public rights of way. Franchise fees are typically calculated as a percentage of the sales revenues of a utility company to customers in a given service area.
- *General Obligation Bonds:* Technically a financing mechanism, a general obligation (GO) bond requires a temporary increase in property tax rates (typically 20 to 30 years). Proceeds from GO bonds can only be used for capital projects.
- *Fuel or Gas Tax:* A tax on the sale of gasoline and other fuels, typically levied as a fixed dollar amount per gallon. Revenues may pay for streets and transportation infrastructure.

4.2.2 Regional Funding Options

Washington County manages several regional funding sources that ultimately gets shared with jurisdictions who use those resources to fund transportation needs. The following subsections provide additional details about these funding options.

In addition, some regional service providers (e.g., Clean Water Services (CWS) and the Tualatin Hills Parks and Recreation District (THPRD)) impose fees to pay for facilities and capital projects in their service areas. Revenues received by these entities may fund infrastructure in the URA or new urban area if said area is located in the respective district boundaries (either the entire area or a portion of the area). In these instances, the project team should work closely with the respective service provider as a partner to establish funding strategies for the applicable infrastructure/service type.

[26] Some jurisdictions offer SDC credits. For example, the Tualatin Hills Park & Recreation District (THPRD) allows applicants to apply for SDC credits for qualified public improvements, the donation or contribution of land, or construction of park or recreation facilities.

Major Streets Transportation Improvement Program (MSTIP)[27]

The Major Streets Transportation Improvement Program (MSTIP) is a Washington County managed cost-sharing program. MSTIP uses property tax revenues received by Washington County to pay for major transportation improvements across the county. Eligible projects must meet certain criteria to receive funding. Generally, eligible projects should:

- Provide geographic balance - benefit residents throughout the county
- Improve safety
- Remove bottlenecks
- Include major roads used by many residents
- Address multiple transportation demands (cars, trucks, bicycles, pedestrians, transit)
- Achieve high local government priorities

The program began as a series of property tax-based levies that voters rolled into its General Fund fixed tax rate in the late 1990s. Since inception, the MSTIP program has funded more than 150 multimodal transportation projects, totaling more than $900 million.

The Board of County Commissioners determines MSTIP funding amounts, for each of the four County Commissioner districts, on a multi-year cycle. Projects are authorized by the Board based on recommendations from the Washington County Coordinating Committee, a group of elected City and County officials, and public input. **In the current and previous funding cycles, the County awarded $160m for road projects.** Washington County awarded funds to 23 road projects in its current cycle and 19 road projects in its previous cycle.

The County Department of Land Use and Transportation manages MSTIP projects. Funds are also used to leverage other local, state, and federal funds for transportation improvements.

In their transportation plans, cities within Washington County can assume the continuation of the MSTIP program, however, specific projects are not guaranteed to be included in the list of funded projects. Historic MSTIP allocations and demographic forecasts can be used to inform estimates of future MSTIP funding. City staff is encouraged to work with the Department of Land Use and Transportation on such estimates.

MSTIP is a countywide program and should only be considered for improvements that would likely benefit travel between and beyond the urban growth expansion areas.

[27] For more information about Washington County's MSTIP visit: https://www.co.washington.or.us/LUT/TransportationFunding/what-is-mstip.cfm

Transportation Development Tax (TDT)[28]

The Transportation Development Tax (TDT) is an important funding mechanism managed by Washington County and the cities within the County. The County and cities in Washington County may rely on TDT revenues in their funding strategies.

TDT is a fee imposed on new development and some redevelopment within Washington County, which is paid by developers to offset the impact of development on the transportation system. TDT is also imposed countywide consistent with SDC law and regulated by the countywide Transportation Development Tax Ordinance (amended several times).[29] TDT, approved by voters in 2008, replaced the Traffic Impact Fee.

The TDT is a one-time fee collected before issuance of a building permit. Fee rates vary by development type (residential, commercial, industrial, institutional) but remain consistent across all jurisdictions regardless of rural-urban classification or un/incorporated status.[30] Fee rates are adjusted to account for inflation. In some situations, fees could be deferred until occupancy or paid over a set time period. Credits toward TDT may be exchanged for infrastructure improvements, such as construction or improvement of eligible roads.

TDT is collected by the jurisdiction in which the development site is located.[31] The jurisdiction dedicates all TDT proceeds to eligible transportation capital improvements intended to accommodate growth. TDT eligible improvements include major roads, sidewalks and bike lanes, as well as transit capital projects – and others on the Washington County TDT Project List. TDT may not fund maintenance or operations.

Calculation of the TDT expected to be generated by the build-out in an urban growth expansion area is often an early step in developing the funding plan.

---

[28] Information is cited from:
https://www.co.washington.or.us/LUT/Divisions/LongRangePlanning/PlanningPrograms/TransportationPlanning/transportation-development-tax.cfm

https://www.co.washington.or.us/LUT/Divisions/LongRangePlanning/PlanningPrograms/TransportationPlanning/upload/TdtFaqCard042015.pdf

[29] Washington County Code section 3.17:
https://library.municode.com/or/washington_county/codes/code_of_ordinances?nodeId=TIT3REFI_CH3.17TRDETA

[30] TDT is set by a formula that calculates the average daily trips generated by land use categories, as outlined in the Institute of Transportation Engineers Trip Generation Manual. Annual adjustments are automatic and correct for increases or decreases in transportation building costs.

[31] The Board of County Commissioners annually reviews a report on TDT collection and expenditures to assess the need for administrative provision modifications or adjustments for inflation. Changes can be made via ordinance, as long as the effect does not increase the charge. The Washington County Coordinating Committee (WCCC) is made up of elected officials from each municipality within Washington County and chaired by a County Commissioner, provides oversight to and reporting of the program.

Relationship between the TDT and the Transportation SDC (TSDC):

TDT and TSDCs are similar in that they both comply with the provisions of ORS 223.297 to ORS 223-314.[32] In both cases, they serve to pay for new developments' impact on public, transportation facilities and systems. They both rely on a uniform framework to govern the collection and administration of revenues produced. And, in both cases, the jurisdiction must allocate use of funds to eligible projects identified on the list of capital improvements approved for these funds.[33]

The tools differ slightly in that TDT is imposed on all new development county wide. A TSDC is imposed at a local or sub-local jurisdictional level. The TDT is administered separately from SDCs (including TSDCs) to clarify the distinction between the county-wide program targeting transportation projects and local programs, which most cities already have in place. TDT rates will also vary from local jurisdictions' TSDC rates, consistent with the rate calculation method.

The layering of multiple charges on new development to pay for transportation projects (e.g., TDT, citywide SDC, a supplemental TSDC in a specific area, etc.) may have implications on development cost and feasibility.

It is particularly important that a new TSDC be established to work within the framework of the TDT. Doing so mitigates the administrative overhead of the TSDC. This is particularly important for (a) index changes to each program over time, (b) non-residential development rates.

Other Washington County shared resources

Washington County also imposes a county-wide vehicle registration fee[34] (VRF) and a county-wide fuel tax on gasoline. A portion of these revenues are shared with local jurisdictions:

- Washington County's code[35] states that VRF moneys are distributed to incorporated cities with more than 300 residents. The distribution is based on each city's proportional share of the total number of county residents residing in those incorporated cities, as determined by the most recent reports of the Portland State University's Population Research Center. All funds received by the County will be used for local maintenance to improve the safety and condition of County roads, bridges and culverts.
- **State and County gas taxes and fees:** Cities and counties each receive a portion of the 30-cents-per-gallon gas tax, large truck weight-mile fees and vehicle registration fees

[32] ORS Chapter 223: https://www.oregonlegislature.gov/bills_laws/ors/ors223.html

[33] Washington County's list of TDT eligible projects (July 16, 2019): https://www.co.washington.or.us/LUT/Divisions/LongRangePlanning/PlanningPrograms/TransportationPlanning/upload/TDT-Project-List-As-Amended-07-16-19_ADOPTED_All.pdf

[34] State statute dictates that county VRF revenue must be shared with cities within the county.

[35] Title 3 Revenue and Finance, Chapter 3.14 – Vehicle Registration Fee.

collected by the state. Within Washington County, an additional one-cent-per-gallon local gas tax is also levied. The County uses its share of these revenues primarily to fund maintenance of our existing major roadways.

In addition, Washington County may consider imposing other county-wide funding tools, dedicated to supporting infrastructure development in the county / purposed for a distributional share to local jurisdictions.

4.2.3 State and federal funding options

Jurisdictions may apply for grants or low-interest loans to pay for specific project costs, or portions of specific project costs. These funding options may be listed in the funding plan, but typically revenues from grants and loans are not assumed because they are too project-specific and uncertain to predict due to their competitive nature. They still may be identified and pursued, however. A jurisdiction should keep in mind that many grant programs require matching dollars. They typically require post-award monitoring and reporting requirements that could increase administration costs.

Federal grant programs are the funding source that is most likely to change, or be changed, via legislation.[36] Competitive programs are often closed when funds are exhausted and formula grants can be changed to reflect the priorities of legislators. With this in mind, grant programs are a good source of funds when specific short and medium-term projects are identified but they may not be appropriate to be considered as a stable long-term source.

4.2.4 Developer Contributions

Developer contributions are payments or in-kind work paid by land developers to fund infrastructure that is needed to develop their properties. These types of projects are normally the result of a Condition of Approval of a development application. The amount that jurisdictions (the County, Cities, or other taxing authorities and public bodies) require developers to pay for or build must be roughly proportional to the development's impacts, and there must be a clear relationship between the impact and the improvement or contribution the jurisdiction is requiring.

Developers pay or make improvements at the time their development triggers the need for specific projects. This could lead to the delivery of piecemeal infrastructure or collection of revenues over time should contributions among developers come in at different times.

Sometimes cities already have policies that dictate the kinds of infrastructure improvements that developers must pay for to support development on their properties. For example, in Bend,

[36] For example, federal funds for transportation are authorized through transportation programs and appropriated by Congress on an annual basis. These funds may be spent directly by the federal government, passed on to states, distributed directly to regional planning organizations, and in some cases, granted directly to cities.

Oregon, above what is normally required, property owners are responsible for developing collector streets and street frontage adjacent to their properties.

Absent a policy, the funding strategy may still allocate a specific subset of costs to developers. For example, the South Cooper Mountain Funding Plan specified that developer contributions (not including SDC payments, or transportation development tax payments) would amount to 44% of total infrastructure costs, across all infrastructure types. By infrastructure type, the Plan allocated 100% of stormwater costs, 78% of sanitary sewer costs, 63% of water costs, 27% of transportation costs (see Exhibit 18), and 0% of parks costs to developer contributions.

Exhibit 18. Reconciling Transportation Project Costs
Source: South Cooper Mountain Infrastructure Funding Plan, Exhibit 13. SCMAA transportation infrastructure funding plan.

		Funding Sources				
Timing	Cost	TDT	New SDC	MSTIP	Developer	Other
Years 0-10	$ 53,425,000	$ 14,423,000	$ 12,943,750	$ 10,798,250	$ 15,260,000	$ -
Years 10-20	$ 6,860,000	$ 1,232,250	$ 1,232,250	$ 2,420,000	$ 1,675,500	$ 300,000
Years 20+	$ 1,830,000	$ 915,000	$ 915,000	$ -	$ -	$ -
Total Costs	**$ 62,115,000**	**$ 16,570,250**	**$ 15,091,000**	**$ 13,218,250**	**$ 16,935,500**	**$ 300,000**
TDT / SDC Revenues		$ 21,064,428	$ 15,417,000			
TDT / SDC Surplus (Deficit)		$ 4,494,178	$ 326,000			

4.3 Estimating Financial Capacity

This section discusses key aspects of projecting revenues for existing or new sources. **Please note that this section references the "Funding Plan Calculator" – an excel spreadsheet that may be used to streamline required analysis.**

4.3.1 Overview of planning level revenue projections

A key method of the funding plan is the development of revenue projection estimates. Section 3.1.4 describes the general process of estimating revenues from sources that are currently available over the planning period and section 4.3 provides (technical) details about projecting revenues for various revenue sources and tools.[37]

Title 11 funding plans typically rely on planning level estimates which is the amount of revenue that would be generated over build out or at full-build out of the land scenarios. These are "planning level" estimates because they rely on land use and development scenarios assumptions that could (and likely will, to some degree) change after the plan is adopted. Further, some new tools may fall through or not be implemented on the intended timeline (reducing anticipated revenue). To account for this uncertainty, most funding plans present the

[37] The City's finance department may already have forecasts outlining anticipated financial growth of available revenue sources that they use for budgeting purposes. The analyst should discuss revenue expectations and assumptions for available revenue sources with the finance department to ensure the City is comfortable with the amounts documented in the plan and to ensure they align with the City's fiscal planning procedures.

revenue projection estimates in rounded and/or lump sum amounts. This presentation style also enables a straightforward comparison of revenues to project costs (which are also typically presented in lump sum amounts).

In general, the approach to project revenue will vary by source/tool. Section 4.3.2 provides a few examples to characterize some key differences. In addition, as a resource, this Toolkit offers a simple Funding Plan Calculator to streamline the process of developing revenue projections that enable the analyst to estimate the infrastructure funding gap. However, please note that this resource should be tailored and modified to address the nuanced situations of every funding plan.

4.3.2 Approaching revenue projections for common infrastructure funding tools

This section walks through the revenue projection approach for four common funding tools in infrastructure funding plans.

Systems Development Charges

Given the vast variability between systems development charges (by infrastructure type and amongst jurisdictions), it is impossible to provide a one-size-fits all revenue projection tutorial for this source. There are simply not enough commonalities. However, in general terms, to estimate revenue, the analyst must quantify the anticipated land use scenario(s) into relevant statistical units, [38] then multiply the number of statistical units by the specific SDC rate.

The following subsections offer a few examples to describe the basic procedure for estimating system development charge (SDC) revenues.

Parks SDC Example Calculation

The example below uses the following hypothetical fee schedule: $2,000 parks SDC imposed on all new single-family development. This illustrates a rather straightforward calculation (200 units * $2,000 per unit = $400,000).

In addition, the Funding Plan Calculator provides a model to calculate parks SDC revenue, using Tualatin Hills Park & Recreation District rates.

	Unit of Analysis	Unit Count	Unit Cost	Revenue Estimate
Parks SDC	Single Family Dwelling	200	$2,000	$400,000

[38] The SDC projections require a level of understanding about the future development of the study area that may be more nuanced than what is determined at a concept planning level. In that, units which are required to calculate financial capacity might be highly variable/detailed (e.g., it could be based on number of toilets, water meters sizes, equivalent dwelling units, square feet of impervious surface, peak hour trips, etc.) and the analyst may need to use placeholder assumptions to calculate revenue.

Water SDC Example Calculation

Water SDCs are often based on meter sizing or equivalent dwelling units (based on number of fixtures or projected water demand). Both can be challenging to estimate at a planning level, particularly for anything that is not a single-family home.[39] Talk with project engineers to determine appropriate assumptions (e.g., the count of water meters by size given existing land use and development scenarios of the study area).

Once assumptions are verified, the projection uses straightforward multiplication. The example below uses the following hypothetical fee schedule: $6,000 SDC for a 5/8-inch meter and $9,000 SDC for meters greater than 5/8-inch. Plus, $140 connection charge per meter.

	Unit of Analysis	Meter Count	Unit Cost	Revenue Estimate
Water SDC	5/8-inch meter	100	$6,000	$600,000
	5/8-inch meter +	100	$9,000	$900,000
Connection Charge	Dwelling unit	200	$140	$28,000
Total				$1,528,000

Transportation SDC Example Calculation

Typically, transportation SDCs are based on similar metrics to conduct the transportation analysis (e.g., peak hour trips). The transportation engineer may be able to provide you with trip estimates, but the analyst might still need to develop some placeholder assumptions to estimate transportation SDC revenue for commercial development. In that, your land use model might determine that some commercial uses will exist in the study area – but it may not determine whether commercial uses are general office uses versus specialty retail versus free standing discount super store, etc. Trips will vary based on the type of commercial development as they produce disparate impacts on the transportation system.

The example below uses the following hypothetical fee schedule: $5,000 per Equivalent Dwelling Unit (EDU). In this example, a single-family detached home equals 1.0 EDU, a multifamily unit equals 0.8 EDUs, and 1,800 sq. ft. of retail equals 1.0 EDU. Once assumptions are verified, the projection uses straightforward multiplication.

	Unit of Analysis	Unit Count or Total Sq. Ft.	EDUs	Revenue Estimate
TSDC	Single Family Dwelling	200 units	200	$1,000,000
	Multifamily Unit	300 units	240	$1,200,000
	Retail (1,800 Sq. Ft.)	70,000 sq. ft.	38.9	$194,444
Total				$2,394,444

[39] Some developments might have multiple meters (e.g. for mixed use development there may be one meter for residential and one for the commercial).

Transportation Development Tax

Transportation Development Tax (TDT) can be estimated by applying the relevant fee rate to assumed development in the study area. Washington County has an established rate schedule for a range of development types.[40] For example, in fiscal year 2020-2021, the fee rate for a single-family detached dwelling unit was $9,269 per unit; the fee rate for a shopping center was $12,728 per 1,000 square feet of gross leasable area; and the fee rate for a high school was $697 per student. For example, the amount of TDT generated off of 200 new single-family detached dwelling units would amount to $1,853,800 (e.g., $9,269 * 200).

The Funding Plan Calculator offers a model to estimate TDT collections for the project area.

If relying on TDT dollars to fund a portion of the transportation projects in the study area, the project team may consider negotiating and setting an expectation that a specific share of TDT revenues collected in the new urban area are spent in the new urban area. For example, the South Cooper Mountain funding plan assumed that 75% of TDT collected in South Cooper Mountain would stay in South Cooper Mountain. Talk to Washington County TDT administrators to agree on an appropriate assumption for use in the analysis.

Local Improvement District

The analyst must identify the specific projects intended to be funded, and then aggregate those costs. The analyst can back into an average rate per acre using (1) the estimated, aggregated project costs and (2) the acreage within the anticipated district boundaries. The analyst can also estimate an assessment per property based on the established basis (e.g., per acre, per sq. ft. of frontage, etc.) if these land use inputs are available at the property level.

The Funding Plan Calculator offers a model to estimate LID assessments on a per acre basis. It includes loan term assumptions to provide an amortized payment amount as well. It is also important to note that, although the analyst can estimate the rate at a planning level, the reality of establishing the final version is a good deal more complex and may not be established on a per acre or other uniform basis. The analyst should caveat this circumstance when presenting the estimates.

Utility Fee

To estimate capacity with a flat rate, the analyst must define the fee rate (e.g., $10.00), the basis (e.g., per household, per employee, etc.), and the frequency of payment (e.g., every month). The

[40] Washington County 2020-2021 TDT Fee Schedule: https://www.co.washington.or.us/LUT/Divisions/LongRangePlanning/PlanningPrograms/TransportationPlanning/upload/TDT-Rate-Table-FY20-21_062920.pdf

analyst must quantify the basis for the study area (e.g., 15,000 households and 12,000 employees will be imposed a fee citywide).

If certain households or businesses will be exempted from the fee, that amount must be deducted from the basis (e.g., less 200 households if the fee will be waived for 200 low-income households). If the basis will grow over time, the rate of growth should also be factored into the projection. The math relies on relatively straightforward multiplication, as demonstrated in the example below. To project revenue year to year, the analyst could increase the annual revenue estimate, presented below, by the historical/assumed future rate of growth for households and employees.

	Unit of Analysis	Unit Count	Unit Cost	Revenue Estimate (annual)
Utility Fee	Households (city-wide)	14,800	$10 per month	$1,776,000
	Employees (city-wide)	12,000	$2 per month	$288,000
Total (year 1)				$2,064,000

4.3.3 Inflation adjustments

In estimating financial capacity, the analyst should account for inflation – particularly for revenue sources that accrue money over time. Inflation is the general rate at which prices for goods/services increase—and the purchasing power of currency decreases. In most cases, funding plans can avoid the 'cost escalator' and 'inflation' issue by presenting everything in constant dollars (e.g., 2020 dollars). Theoretically, presenting everything in constant dollars will present a more accurate picture of costs, revenues, and deficits associated with a long-range fiscal planning for capital projects.

Because cost estimates typically arrive in constant dollars (e.g., 2020 dollars), it might be easiest for the analyst to adjust their revenue projections to account for inflation by converting their revenue estimates to constant dollars as well. To do this, the analyst can prepare a simple inflation index (see below or see the Funding Plan Calculator, which includes an index for use.)

To demonstrate this concept, Exhibit 19 shows the difference in financial capacity of a hypothetical revenue source when presented in current versus constant dollars.[41] The difference in these two estimates is $5.3 million. Without accounting for inflation, the funding strategies outlined in the plan could be insufficient to cover infrastructure costs.

[41] The index uses an inflation assumption of three percent per year.

Exhibit 19. Financial Capacity (Year of Collection Dollars and Constant 2020 Dollars), for a Hypothetical Revenue Source, 2020 – 2030
Source: ECONorthwest.

Year	Revenue Capacity (year of collection dollars)	Inflation Index	Revenue Capacity (constant 2020 dollars)
2020	$3,318,227	1	$3,318,227
2021	$3,358,045	1.030	$3,260,238
2022	$3,398,342	1.061	$3,203,263
2023	$3,439,122	1.093	$3,147,284
2024	$3,480,391	1.126	$3,092,283
2025	$3,522,156	1.159	$3,038,243
2026	$3,564,422	1.194	$2,985,147
2027	$3,607,195	1.230	$2,932,980
2028	$3,650,481	1.267	$2,881,724
2029	$3,694,287	1.305	$2,831,363
2030	$3,738,619	1.344	$2,781,883
Total:	**$38,771,287**	-	**$33,472,634**

5 Funding Strategy Considerations

There are a range of funding strategy options that may be applied in a funding plan. This chapter provides the reader with various planning and fiscal topics to consider as the project team prepares nuanced strategies that work for them.

5.1 Tax incidence

Different funding tools draw revenue from different parties. For example, system development charges and utility hook-up fees are paid by developers, property taxes are paid by property owners, on-going utility rates are paid by users of that utility, and gas taxes are paid by motorists. However, **the person who pays a tax or fee may not be the same person who ultimately bears the burden of that cost.** Identifying who ultimately bears the cost of a tax is known as "tax incidence." This is particularly relevant for costs imposed on new development, as discussed below.

- Developers generally will only move forward with development when the expected financial returns justify the risks inherent in development. They typically are not willing or able[42] to accept a lower rate of return to develop in an area with higher infrastructure costs unless those higher costs are mitigated by greater certainty (reduced risk). Developers typically factor infrastructure funding obligations and other anticipated land development costs into the amount they are willing to pay for land, along with the amount of development they expect to be able to build and the expected value of that development. Once they have purchased land based on their expected costs of development, it is challenging for developers to pay more for infrastructure without affecting their rates of return, unless they believe they can reduce costs or increase revenues (through higher sales or rental prices – see next) from other aspects of their development.
- Future homebuyers and renters are generally unwilling to accept costs that do not translate to a material improvement in the quality of the housing or the neighborhood. In the case of greenfield development, developers may anticipate being able to charge a premium to some degree if the new area offers homes or neighborhoods with particular features or amenities that make it more attractive to prospective homebuyers or renters than other existing neighborhoods. That locational or amenity premium can help cover some increase in development costs to build in the greenfield location, and in that sense a portion of the cost can be passed on to future buyers or renters, but only to the degree

[42] Sometimes, developers use financing or financial equity sources that require a particular rate of return, which limits their ability to negotiate changes in cost structure.

that the market can bear.[43] In addition, for large, fixed costs, spreading the cost across more development means that even a small premium on a per-unit basis will cover more of the total costs.

- The initial property owner typically absorbs at least a portion of the costs to develop through a reduced sales price for the land, because, as noted above, the developer attempts to account for the infrastructure funding costs in establishing an appropriate purchase price. This is especially true if there is other buildable land with lower infrastructure costs within the same market area. If the property owner is unwilling to accept the price for the land, they may choose to hold the land in anticipation of a higher price later, and no development would occur. In this situation, reduced development activity could translate to reduced housing supply, which could then drive up the price for housing in the area.

Overall, the distribution of costs will vary based on market conditions and a variety of other factors. However, when total infrastructure costs imposed on development are too high, development simply will not occur.

To alleviate the extent to which funding strategies will have a negative impact on housing affordability, be mindful of additional charges placed on development. The burden of cost must still be spread fairly, and developers and future homeowners should be responsible for their share of these costs; however, there are other options to consider to moderate charges that are too high, including imposing:

- Taxes and fees that are not collected on development/new construction (e.g., fuel tax or vehicle registration fees). The tradeoff of using these tools are that the people/businesses who pay these taxes/fees may not benefit from the improvements in the new urban area.
  - *What to consider:*[44] Fairness - Are the taxes and fees that fund the system tied to the users who receive benefits from (or impose costs on) the system?
- Mechanisms that require a public vote (e.g., local option levies, local improvement districts, general obligation bond). Although property owners pay these costs in the form of property taxes, these options can spread costs over a larger area, reducing the burden on any one property. And, because they require a vote, they give the community a chance to weigh the benefits and costs for themselves.
  - *What to consider:* Political acceptability – would the public (general or limited) vote in favor for the tool?

[43] If the additional costs are so high that they exceed developers' perceptions of future homebuyers' willingness to pay, the financial feasibility of the development project could be at risk.

[44] Absent funding principles (which will vary depending on the City and study area), this section offers example criteria to consider when evaluating options.

- Fees that are applied to non-exempt system users (e.g., utility fees), which can be imposed at lower rates, over longer periods of time. Because utility fees are typically determined based on averages for whole classes of property, if the fee imposes a flat rate it would be considered regressive because it would take a larger share of income from low-income groups versus high-income groups.
  - *What to consider:* Equity – Is there a correlation between one's utility fee payment and their frequency of use?
- Structure a fee/tax waiver or reduction for priority development types. If the most achievable option is higher fee rates, such as a supplement fee layered on top of existing SDCs or other charges, consider reducing or waiving fees for developments such as regulated affordable or senior housing.
  - *What to consider:* Additional funding potential – can the funding plan accommodate waived costs through other means?

5.2 Equity and fairness

The concepts of fairness and equity in public finance have several dimensions, as summarized below. The relative importance of each of these considerations above will vary based on the context. As you consider various funding strategies, consider the extent to which they are:

- *Benefit-Based:* linking the fee or tax to the benefits received. Where a public good or service provides specific private benefits, this can be appropriate, but because resources are not evenly distributed, this approach can disproportionately impact those with less resources.
- *Behavior-Based:* using taxes and fees to influence behavior (e.g., imposing a cost on an undesirable action). This can be an appropriate way to address externalities (the unintended impacts that one's actions have on others), provided the goal is defensible and the tax is clearly linked to the goal. Alternatively, the jurisdiction could lower the cost of an action in which they are trying to promote (such as transit use, affordable housing development, etc.).
- *Ability to Pay:* linking the amount charged to the user's financial resources and ability to pay. This can help ensure that the costs of government goods or services "bear as nearly as possible with the same pressure upon all."[45] This is an important consideration for all funding tools, but particularly for allocating costs of goods and services that have broad benefits. However, it can be difficult to measure ability to pay (annual household income is a common proxy, but ignores variations in households' costs), and it does not necessarily address broader concepts of justice.

[45] Mill, J. S. (1970) Principles of Political Economy. London: Penguin Books, p. 155 [Book V, Chapter. II, Section. 2]. Quoted in David G Duff, Tax Fairness and the Tax Mix (Oxford: The Foundation for Law, Justice and Society, 2008).

- *Distributive Justice:* structuring taxes or fees to achieve a particular redistributive goal (e.g., maximizing social welfare, minimizing the impacts of undeserved good or bad fortune, or correcting for past injustices). This may go beyond ability to pay to consider generational effects (e.g., wealth transfers).[46]

For purposes of this document, benefit-based and behavior-based considerations are grouped together as "funding fairness" and the ability to pay and distributive justice considerations are grouped as "funding equity". In the context of an infrastructure funding plan for a new growth area, specific fairness and equity considerations include:

- *How much growth should be asked to pay for itself?* (Are current residents and businesses "held harmless" in paying for the infrastructure needed for future residents and businesses? Should they not be held harmless? As theoretically, someone paid for their infrastructure before they moved in.)
- *How can funding mechanisms be designed to support goals related to housing affordability and inclusive neighborhoods?* (For example, does imposing special assessments on new housing make it unaffordable for low- and moderate-income households?)
- *How costs are shared geographically relative to benefits?* (For example, are those with homes immediately adjacent to a park asked to pay more to support park development or maintenance? If a collector road is needed to allow development in a particular area or neighborhood, should only that area pay?)

Pursuing racial equity means that the history of racially discriminatory development and housing policies in this country (including in Oregon) cannot be ignored in funding conversations. In the post-war era, the federal government subsidized infrastructure to spur suburban development across the country. Home loans in those neighborhoods were limited to White households due to redlining and discriminatory housing practices. This led to racial segregation that benefited some and hurt others. Taxpayers across the United States paid to support development that primarily benefits a specific racial group.

As federal funding to support infrastructure development was eliminated or reduced and the responsibility for infrastructure provision shifted to local governments with fewer resources, local governments increasingly looked for development to 'pay for itself.' With developers as the major funder of infrastructure, some of that cost shifted to future homeowners or renters in the new developments. As noted above, putting too much of the cost on development risks limiting the kinds of development that can work financially. Typically, this means growth is limited to high-end development that can better absorb costs, perpetuating exclusionary housing and commercial development.

[46] David G Duff, Tax Fairness and the Tax Mix (Oxford: The Foundation for Law, Justice and Society, 2008). Available online at: https://commons.allard.ubc.ca/cgi/viewcontent.cgi?article=1103&context=fac_pubs

While some may see it as "fair" to have development pay for itself, it is unclear whether it is "equitable." If costs are not paid for by development, then someone else has to pay – such as the broader population of the jurisdiction or region as a whole (e.g., via city-wide taxes and fees or TDT/MSTIP). In these instances, funds would be taken away from some areas of Washington County and prioritized in others. Imposing City-wide costs to fund infrastructure that will serve only one area can also be perceived as inequitable, particularly if most residents of the new development will be relatively high-income compared to the City overall.

Thus, there are tradeoffs to consider when collecting revenues narrowly (from a specific geographic area) or widely (across a large area) and determining how much funding should come from development. If addressing racial equity is a top priority in the concept or community plan, then the funding strategies should reflect this priority and be integrated with planning for affordable and mixed-income development.

5.3 Timing and phasing from a funding perspective

As discussed above, "funding" and "financing" are often used interchangeably but they are different (revisit "Key Concepts" in Chapter 4 for more information).

Many sources of revenue, used to pay for infrastructure to support growth, in fact depend on growth to provide funding for the infrastructure. The timing of when monies become available will have implications for when the needed infrastructure can be built relative to when development occurs. This can have implications for system performance and for the ability of development to move forward at all. In the worst case, it can become a Catch-22 where development cannot occur because the needed infrastructure is not in place and cannot be built by a single development, ***and*** there is not enough revenue to pay for the infrastructure until development occurs.

Financing can address some of these issues. For example, if a jurisdiction finances a project by incurring a loan or selling bonds, project costs can be paid for up front, and then different tools (e.g., system development charges, local improvement districts, etc.) may be used to repay the debt as revenues accrue over time. However, debt also has its own limitations such as debt capacity constraints, public vote requirements, and added costs (e.g., interest payments, legal fees, etc.). Different funding sources also offer more or less dependable streams of revenue with which to pay back the debt.

To summarize, three high-level funding strategies, that address timing and phasing of infrastructure differently, are outlined below. The strategy (or strategies) relied on to pay for different infrastructure categories may vary – just as the revenue sources used to pay for different infrastructure categories will vary.

- *Pay upfront:* If enough revenue from currently available funding sources exist, a jurisdiction or other party may pay for a certain projects up front. Rarely does a

jurisdiction have enough available revenue to pay for total costs upfront, but this strategy could be useful for a single project, smaller projects, or a specific set of key projects. Similarly, in the form of developer contributions, developers may pay for specific projects, that unlocks development on their properties, up front when they are ready to break ground. To distribute the burden of cost in a fairer manner, a mechanism could also be established to reimburse the party that paid costs upfront (e.g., a reimbursement district).

- *Pay as you go:* This approach is similar to "pay upfront" it that it requires the jurisdiction or party to currently have sufficient funds to pay for specific projects. This approach implies a longer-term strategy, however, in that a jurisdiction or party must, over time, collect and save revenues in a Fund until a target revenue amount is reached for the project/set of projects. This approach encourages responsible spending by a government but, in contrast to project financing (see below), it delays infrastructure delivery as you wait for monies to accrue.
- *Debt Financing:* When funds for infrastructure costs are borrowed and paid back over time, these costs have been financed. Public agencies finance costs for the same reasons that households and businesses do—to reduce the current out-of-pocket costs by spreading out payments over time. Financing costs do not increase the total amount of funding available in an area over a long-term planning period. It merely makes future funding available earlier, at the cost of the interest charged to borrow the funds. Financing the costs actually decreases the level of future funding available for transportation by adding the cost of interest.
  - In terms of debt, there are different financing mechanisms to consider when borrowing funds to pay back over time. In South Hillsboro, for example, to pay for infrastructure the City issued a bond and helped establish three Local Improvement Districts (LID) – one for each of the three subareas in South Hillsboro. The LID was the mechanism employed to collect property taxes (the ultimate source of revenue that paid back the bonds). In this instance, LID assessments were based on initial zoning and land use plans which shifted through the course of development – highlighting one challenge with this approach.

5.4 Negotiations

Negotiations between public and private sectors/parties occur to distribute funding risks and responsibilities to parties with a stake in the area. The project team may craft funding strategies based on informal conversations with stakeholders and service providers to achieve some level of consensus for sake of documenting and adopting provisions in the funding plan. Alternatively, the project team may rely on formal negotiations that document infrastructure delivery responsibilities and/or that hold parties accountable to specific actions or funding obligations.

The project team may consider a range of approaches to work with various parties (developers, taxing districts, government entities, landowners, etc.) on their contributions. The following describes three broad approaches:

- *Low-Stakes Approach:* Hold informal, verbal discussions that result in non-binding decisions. While these conversations may result in mutual agreement and understanding, they do not result in a written record, party signatures, or party obligations to specific terms or conditions. The benefit of taking this approach is that it enables a lot of flexibility; it assists in narrowing down strategies, but parties are not held to those strategies into the long-term. The risk is that, a public or private entity may be on board with specific funding strategies as the plan is developed but they may change their stance later on when strategies begin to be implemented. To alleviate the extent to which agreement through informal discussion are withdrawn, those responsible for implementing the plan should continue to maintain open communication and message the value proposition of infrastructure funding to safeguard buy-in from service providers, developers/major landowners, government entities, etc.
- *Mid-Stakes Approach:* Falling somewhere between informal discussions and formal negotiations, a project team may confer with one or more parties to seek written agreement via a Memorandum of Understanding (MOU). An MOU is not a formal contract, so it is not legally binding.[47] It does however express intent, clarify party expectations, and establish guidelines which can assist in later stages of negotiation if a more formal agreement (i.e., contract) is pursued. Although MOUs are a mechanism that enables flexibility, they still hold weight in that the process to get to a signed MOU will require negotiations to reach some level of consensus and acceptance of the expectations laid out in the document. (Note that an attachment of this Toolkit includes an example public infrastructure finance strategy MOU.)
- *High-Stakes Approach:* The project team may also conduct formal negotiations that result in a signed, written contract. The purpose of establishing a contract agreement is to guarantee that various parties are held accountable to specific stipulations, terms, or obligations which they have agreed to. In that, there would be legal ramifications if the contract were breeched. In all likelihood, however, the project team will not pursue negotiations that lead to a signed contract before the funding plan is adopted.

[47] Disclaimer: MOUs are not legally binding, but if the MOU is written too much like an actual contract, the law could enforce the MOU as one. In addition, some MOUs include non-disclosure agreements; parties could be held liable to those clauses if broken.

6 Funding Plan Template

This funding plan template provides a standardized model that meets regulatory requirements of Title 11 Funding Plans. Additional (optional) elements, that may be copied into this template or an appendix, are presented in the next chapter. Toolkit users should customize this template to fit their needs.

If the funding plan is a standalone report, add the following elements: cover page; acknowledgements page; table of contents; and if desired, an executive summary.

6.1 Introduction

Include a brief introduction (a couple paragraphs to a page in length) describing the study area and the purpose of this funding plan. Provide context about how this funding plan fits into the broader project schedule.

If the funding plan is a standalone memorandum or report, the project team may want to incorporate a more robust background section or refer the reader to the relevant document (and chapters) for additional information.

6.2 Methods

Describe the methods and process steps that allowed the project team to prepare the funding plan. The purpose of this section is to ensure that future readers know how the plan came to be – who partook in content development, who had an opportunity to provide feedback on the plan, and what actions drove the planning process. Because an account of the funding plan approach is not a Title 11 requirement, the project team may keep this section brief. Consider commenting on the following:

- **Engaged with various groups:** describe outreach activities and key discussions with governmental staff, service providers, stakeholders, the public, etc. As applicable, cite when meetings or activities took place and how those activities/events informed the plan.
- **Assessed infrastructure needs and project cost estimates:** state who conducted the analysis to determine needed infrastructure projects and their costs.
- **Estimated financial capacity:** state who analyzed funding options and developed revenue capacity projections.
- **Analyzed funding alternatives:** describe the general process of developing and evaluating funding strategies. It the process was highly iterative, consider pointing the reader to an appendix with interim products.

6.3 Infrastructure Funding Plan

This section is where most of the plan's content will live. It is organized by infrastructure category. Key categories of infrastructure are included below; however, other infrastructure categories may be added or substituted as needed.

Rather than be repetitive, this section outlines the type of content to include for a single infrastructure type (parks). The general task is the same for every other infrastructure category.

Please note that some table templates are located in the Funding Plan Calculator. The tables can be populated in excel and pasted into the funding plan.

6.3.1 Parks

Infrastructure Projects and Costs

For each infrastructure category, discuss specific projects and their costs. Consider the following:

- **Describe projects** in a level of detail that is sufficient to inform the reader about *what* projects are needed and *why* they are needed. For example, if four parks projects are proposed the project team might consider developing four bulleted paragraphs explaining each project and any known project delivery challenges.
  - If many projects are proposed that are similar in scope, the project team might consider organizing and describing projects thematically. For instance, for transportation: if five collector streets are proposed, you may describe them all in a single paragraph, documenting specific details/challenges about each road as needed.
  - If the funding plan is not a standalone document, the details about specific projects may live in another chapter. Rather than be repetitive, the project team can refer the reader to that chapter and/or section of the concept/community plan.

    If the funding plan is a standalone document, consider including maps to show where needed projects are located. If the funding plan lives in the larger concept or community plan, it may be sufficient to refer to the map exhibit number or page number instead.
- **Document project costs** in a table (see Table 1[48]). Include key details in the table such as: the source of the data, whether costs are in current or constant dollars, whether dollar values are rounded, and the specificity of the cost estimates (e.g., planning level estimates or something else). In the left column, the project team may list out individual projects or roll of similar projects into broader categories or themes.

[48] The table is filled out with hypothetical project information for illustrative purposes.

Table 1. Parks Infrastructure Projects and Cost Estimates (constant 2020 dollars)
Source: Projects and cost estimates were provided by the City Engineer in September 2020.

Notes: Costs are presented in constant 2020 dollars, are rounded to the nearest $1,000, and reflect planning level estimates.

Project / Project Category	Description	Project Cost	Notes
Neighborhood Park	1 three-acre park	$1,000,000	Includes land cost
Community Trails	4,000 linear foot trail	$2,500,000	Includes land cost
Pocket Parks	3 ¼-acre parks	$950,000	Includes land cost
Total Cost		**$4,450,000**	

Proposed Funding Strategy

For each infrastructure category, describe existing revenues sources that are currently available to fund this category of infrastructure. Consider the following:

- **Describe existing revenue sources** that are currently available for funding the infrastructure category in a bulleted list. Outline key policy provisions stipulating any restrictions or limitations on how revenue must be used.
- **Document financial capacity** for each tool in the bulleted list, as mentioned above. For example, "Revenue source X generates $3 million over the planning period." Be sure to document major revenue assumptions that informed the revenue projection. Assumptions may be footnoted or, alternatively, refer readers to an appendix where these details live.
- **Compare financial capacity of available revenue sources to total costs by infrastructure category** in a table (see Table 2). The table should demonstrate the extent to which existing revenues are sufficient or insufficient to cover project costs for the respective infrastructure category. Carry total project costs from Table 1 to row 2 of Table 2. Then aggregate financial capacity of all existing sources available for this infrastructure type and enter this estimate in row 3 of Table 2. This allows the analyst to quantify this infrastructure category's funding gap (or funding surplus).

Table 2. Estimated Funding Gap for Parks Projects, (constant 2020 dollars), FY Ending 2021–2040
Source: Cost estimates provided by the City Engineer in September 2020. Revenue estimates provided by City Finance Department in November 2020.

Notes: Costs and revenues are presented in constant 2020 dollars, are rounded to the nearest $1,000, and reflect planning level estimates.

	Estimate
Parks Infrastructure Costs	($4,450,000)
Available Revenue for New Parks Projects	$3,000,000
Estimated Funding Gap or Surplus	**($1,450,000)**

If a funding surplus is identified or if revenues and costs match, skip to the implications section below. Otherwise, describe which new funding tools / strategies the funding plan proposes to implement to cover the identified funding gap. Consider the following:

- **Describe proposed new funding tools** that this infrastructure funding strategy will rely on to cover the funding gap. Depending on the infrastructure type, this may be a single tool/source, or several tools/sources. Similar to the bulleted list for existing sources, describe each new tool and document any key policy provisions stipulating any restrictions or limitations on how revenue must be used. For assistance, see the Toolkit Glossary for information and details to streamline content development.
  - If many tools were considered and evaluated before this strategy was developed, refer the reader to an appendix where the funding tool evaluation and cursory details lives (see section 7.3 in the following chapter for a funding evaluation template).
- **Document financial capacity** for the proposed, new funding tools. Include estimates for potential, new tools in the bulleted list, as mentioned above, and footnote major assumptions informing the revenue projection (or refer the reader to an appendix where the details live).
- **Compare financial capacity of proposed new funding tools to the applicable infrastructure gap** in a table (see Table 3). Carry the funding gap estimate from Table 2 to row 2 of Table 3. Then, aggregate financial capacity of all proposed, new funding sources for this infrastructure type and enter this estimate into row 3 of Table 3. This allows the analyst to (ideally) address this infrastructure category's funding gap.

Table 3. Reconciliation of Parks Infrastructure Funding Gap with Proposed New Funding Tools (constant 2020 dollars), 2021-2040
Source: Estimates by ECONorthwest.

Notes: Revenues are presented in constant 2020 dollars and are rounded to the nearest $1,000.

	Estimate
Parks Infrastructure Funding Gap	($1,450,000)
Potential, New Revenue for New Parks Projects	$1,450,000
AMENDED Funding Gap or Surplus	**$0**

Implications

This section synthesizes the infrastructure funding strategy. It should summarize the extent to which existing/available revenue sources were sufficient to cover total project costs for the infrastructure category. If existing sources were insufficient, this section should summarize which new funding tools are recommended for implementation to cover the funding gap.

If revenues (from existing and proposed, new funding sources) are still not sufficient, this section should describe what the amended funding gap is and why the funding plan does not propose a strategy that covers the entire gap. For example, perhaps a $1 million gap exists for a park project that is not needed for development to occur. In this instance, rather than remove the project from the project list, the project team decided to document the funding gap in the chance that the jurisdiction is able to allocate dollars toward the project in the future (but perhaps not in the planning period).

In addition, this section should document the extent to which specific sources of revenues are anticipated to cover specific project costs. If new tools are proposed requiring minimum rates, or if existing tools require rate increases, document those conditions here.

Further, if certain projects must receive priority funding, document those conditions here.

6.3.2 Transportation

Infrastructure Projects and Costs

Proposed Funding Strategy

Implications

6.3.3 Water

Infrastructure Projects and Costs

Proposed Funding Strategy

Implications

6.3.4 Sanitary Sewer

Infrastructure Projects and Costs

Proposed Funding Strategy

Implications

6.3.5 Stormwater

Infrastructure Projects and Costs

Proposed Funding Strategy

Implications

6.4 Conclusions and Implications

This final section buttons up your analysis. It does not need to be lengthy (a one-pager is likely sufficient). Its purpose is to summarize the generalized funding approach for the study area overall. Consider commenting on the following:

- Does your funding plan address all funding needs over the planning period? Are there any remaining funding gaps?
- Are revenue sources, which are currently available to fund infrastructure, sufficient or do new funding tools need to be implemented to pay for projects? If new funding tools are need, what are the tools?
- What, if any, challenges are likely to hold up the plan? How can challenges be mitigated?
- What are the immediate next steps to implement the funding plan and ensure its success?

Additional elements may be added to this section if the project team desires, such as a more robust implementation schedule or a monitoring plan (see section 7.4 in the next chapter for more information).

7 Funding Plan Template (Additional Elements)

Chapter 7 provides various, optional elements that may be added to the funding template in Chapter 6 if a more robust plan is desired or if a more comprehensive analysis is needed. Some of these elements could similarly be added as an appendix to the funding plan (e.g., the funding tool evaluation template presented in section 7.3. Also, please note that the elements outlined in this chapter go above and beyond what is required per Metro's Title 11 requirements.

Please note that some table templates are located in the Funding Plan Calculator. The tables can be populated in excel and pasted into the funding plan.

7.1 Guiding Principles

If the project team or elected officials established policy priorities, guiding principles, or funding objectives, list them here. Describe why they were selected and why they are important.

This section may go after the "Methods" section in Chapter 6. For more information about crafting guiding principles, see section 3.2.2 Define funding plan objectives.

7.2 Phasing Considerations

If the funding plan will address project phasing considerations, the project team will need to document when projects are needed and when revenues become available. Consider bucketing project costs and revenues in general time periods (e.g., near-term, mid-term, long-term or phase 1, phase 2, phase 3). These details can live in an appendix. Be sure to define the time periods (e.g., near-term is Year 1-10, mid-term is Year 11-15, etc.), such as in the introduction section of the Funding Plan.

For each infrastructure category, aggregate costs by time period and document aggregated costs in Table (see Table 4, which can replace Table 2 in the funding plan template in Chapter 6). Revenues will also need to be aggregated by time period and documented in Table 4). If a funding gap exists, complete Table 5 as well – it can replace Table 3 in Chapter 6.

Be sure to describe phasing considerations and challenges in narrative-form (unless this has already been done in another chapter of the broader concept / community plan).

The project team could also develop a Sankey diagram, such as the one presented in Exhibit 3, or other visual. If the project team considers a Sankey diagram or other visual to communicate project phasing, it could be presented in the Conclusions and Implications section of the Funding Plan as it serves as a comprehensive summary of the full infrastructure funding strategy.

Table 4. Estimated Funding Gap for Parks Projects, (constant 2020 dollars), FY Ending 2021–2040
Source: Cost estimates provided by the City Engineer in September 2020. Revenue estimates provided by City Finance Department in November 2020.

Notes: Costs and revenues are presented in constant 2020 dollars, are rounded to the nearest $1,000, and reflect planning level estimates.

	Near-Term	Mid-Term	Long-Term
Parks Infrastructure Costs	$0	($2,000,000)	($2,450,000)
Available Revenue for New Parks Projects	$0	$2,000,000	$1,000,000
Estimated Funding Gap or Surplus	**$0**	**$0**	**($1,450,000)**

Table 5. Reconciliation of Parks Infrastructure Funding Gap with Proposed New Funding Tools (constant 2020 dollars), 2021-2040
Source: Estimates by ECONorthwest.

Notes: Revenues are presented in constant 2020 dollars and are rounded to the nearest $1,000.

	Near-Term	Mid-Term	Long-Term
Parks Infrastructure Funding Gap	$0	$0	($1,450,000)
Potential, New Revenue for New Parks Projects	$0	$0	$1,450,000
AMENDED Funding Gap or Surplus	**$0**	**$0**	**$0**

7.3 New Funding Tool Evaluation

A funding tool evaluation is helpful to document the merits and tradeoffs of potential, new funding tools. If the project team creates a funding tool evaluation, consider including it as an appendix to the funding plan. Table 6 offers an evaluation template to use.

To complete the template provided below, list and describe funding tools in column 1 and list preferred criteria in the header row. Be sure to define the criteria you select (e.g., as a footnote or as a bulleted list in the preamble of this section. It is appropriate to copy generalized definitions for funding tools and criteria from the Toolkit Glossary. Then, begin to fill in the matrix cells with details about how each tool fares across each criteria. Add additional rows and columns as needed, and for readability, consider making the page 11"x17". See section 3.3.1 for more information about how to develop the evaluation (note: that section includes other evaluation framework options that could be used instead of this template).

Table 6. Funding Tool Evaluation
Source:

Funding Tools	Criteria 1	Criteria 2	Criteria 3	Criteria 4
Funding Tool 1 Description				
Funding Tool 2 Description				
Funding Tool 3 Description				
Funding Tool 4 Description				

7.4 Implementation and Monitoring Roadmap

An implementation and monitoring roadmap would allow the project team to document the actions required to implement the funding plan. If the project team uses the matrix template (see Table 7) or some other roadmap, consider adding it to the Conclusions and Implications section of the Funding Plan template (final section in Chapter 6). If the roadmap is pretty lengthy, consider including it as an appendix to the Funding Plan.

To complete the template provided below, briefly record action items in column 1 and corresponding details in column 2 through 4. Add additional rows and columns as needed, and for readability, consider making the page 11"x17". For more information about how to prepare an implementation and/or monitoring plan, see section 3.3.4 and 3.3.5.

Table 7. Implementation Schedule and Monitoring Plan
Source:

Actions	Implementation Schedule	Outcome	Level of Monitoring and Review	Responsible Party
Near-Term Actions (Year X to X)				
Mid-Term Actions (Year X to X)				
Long-Term Actions (Year X to X)				