



February 1, 2016

LONG RANGE PLANNING
ISSUE PAPER NO. 2016-02

Half-Street Requirement for North Bethany Parks

Issue

In the North Bethany Subarea, all development adjacent to a street – including the development of a park – is required to construct a half-street improvement along its frontage. This half-street construction requirement is included in the North Bethany Subarea of the Bethany Community Plan and in the Community Development Code, and was adopted in 2012 as part of A-Engrossed Ordinance No. 745. In 2013 and 2015, Tualatin Hills Park and Recreation District (THPRD) submitted requests for an exemption to the half-street construction requirement for some of the North Bethany parks. If any North Bethany parks are exempted from the half-street construction requirement, an alternative means of ensuring half-street improvements along those facilities would be needed.

Recommendation

If any North Bethany parks are exempted from the half-street construction requirement, it is not yet known how half-street improvements along these facilities would be funded. Staff recommends maintaining the half-street construction requirement for parks until an alternative funding source is identified and secured.

Background

North Bethany Half-Street Construction Requirement:

The Community Development Code (CDC) contains Public Facility and Service Standards in CDC Section 501. These standards include half-street construction requirements for most types of proposed development. However, development that meets all of the CDC exception criteria (including a limit of 2,000 square feet or less for structure(s) and not generating more than 14 vehicle trips per day) is excepted from the Public Facility and Service Standards, including the half-street construction requirements. The exception criteria are listed in CDC Section 501-2.2.

In 2012, a variety of amendments to the North Bethany Subarea Plan (Plan) were adopted by A-Engrossed Ordinance No. 745. One amendment was the addition of new language to the Public Facilities and Services list of exceptions in CDC 501-2.2, which was intended to ensure that all North Bethany development adjacent to a street would be required to construct a half-street improvement along its frontage. One type of development to which these requirements were intended to apply was the North Bethany parks, since the parks are visually prominent elements of the Plan and have significant street frontage. The half-street construction

requirements adopted by A-Engrossed Ordinance No. 745 are shown as underlined and shaded text below.

501-2 Application of the Public Facility and Service Standards Inside a UGB

Application of the Public Facility and Service Standards (Section 501-1 through 501-12) shall apply to the Urban Unincorporated Area as follows:

- 501-2.2 To all new construction of structures or expansion of an existing structure, except for construction of a single (one only) detached dwelling unit or duplex on an approved duplex lot (Section 430-13.3), or other structures which meet all of the following:
- A. Contains two thousand (2000) square feet or less;
 - B. Does not, in itself, generate more than fourteen (14) vehicle trips per day, as defined by the Institute of Traffic Engineers, Trip Generation Information Report;
 - C. Contains no plumbing fixtures, or has less than twelve (12) additional fixtures attached to an existing, approved septic system or public sewer; and
 - D. Does not pose any unique public health or safety issues.

The exceptions of Section 501-2.2 A through D are not applicable in the North Bethany Subarea in the Bethany Community Plan. In the North Bethany Subarea, all new construction of structures or expansion of an existing structure, except for construction of a single (one only) detached dwelling unit, is subject to the applicable standards of Section 501-12. For example, a Type I or Type II park adjacent to a Primary Street would need to build a half-street along the park's frontage on this street consistent with the requirements of Section 501-8.

A-Engrossed Ordinance No. 745 also added the following language to Comprehensive Framework Plan for the Urban Area (CFP) Policy 44, Managing Growth in New Urban Areas

Another element of the new growth management strategy is to require all new development to construct street and sidewalk improvements that are adjacent to their development site or that cross their development site. In the rest of urban unincorporated Washington County, most, but not all of new development is required to construct these improvements. This change in the North Bethany Subarea will require street and sidewalk improvements in conjunction with the development of some public facilities (e.g., Type I and Type II parks) that are not required to make these street improvements in other parts of unincorporated Washington County. For example, in the North Bethany Subarea, a Type I or Type II park adjacent to a Primary Street will need to construct a half-street along the park's frontage on this street.

THPRD's Half-Street Construction Exemption Requests:

In 2013, as part of A-Engrossed Ordinance No. 771, staff proposed to make further clarifications to the North Bethany Subarea half-street construction requirements that had been adopted in 2012. During the proceedings for A-Engrossed Ordinance No. 771, THPRD submitted comments about the adopted half-street construction requirements, objecting to applying these requirements to the linear parks along Road A and Primary Street P2 / Bethany Creek. THPRD also objected to staff's proposed clarifications to these requirements.

THPRD's objections included the following:

- The linear parks in North Bethany will function primarily as trail corridors, and their anticipated recreational amenities will be limited to benches and signs. This development will be much less intensive than a residential subdivision to which the half-street construction requirements typically apply.
- The half-street requirement for these linear parks is excessive and may violate the "essential nexus" requirements for development. People using a trail are not going to be generating additional auto traffic on the adjacent street; in fact, they will take traffic off the street.
- The half-street requirement for these linear parks may also violate the "rough proportionality" requirements for development. The cost of the half-street requirement is dramatically out of scale to the cost of the improvement causing the exaction.
- As written, Section 501-2.2 results in an exaction required for development of one transportation facility (a community trail) to construct another transportation facility (a primary street).

THPRD requested that North Bethany's two linear parks be exempted from the half-street construction requirements on the basis of their objections.

The Board of Commissioners (Board) opted not to adopt staff's proposed clarifications to the half-street construction requirements as part of A-Engrossed Ordinance No. 771. The Board also opted not to grant THPRD's exemption request, and to leave the adopted North Bethany half-street construction requirements in place. However, the Board directed staff to include THPRD's half-street improvement issue in the 2014 Work Program.

The 2014 Work Program identified the North Bethany half-street improvement issue as a Tier 1 task. However, the Long Range Planning Section did not have sufficient time or staff capacity to address this issue in 2014 or 2015.

In March 2015, THPRD submitted a letter to the Board that supported inclusion of THPRD's half-street improvement issue in the 2015 Work Program. The letter repeated THPRD's objections to applying the half-street construction requirements to the two North Bethany linear parks. The letter also raised concerns about applying the half-street construction requirements to the east side of the North Bethany powerline corridor that will contain a future segment of the Waterhouse Trail, and to the Park Blocks.

In an August 2015 meeting with county staff, THPRD representatives stated that THPRD does not have a funding source to pay for half-street improvements for the linear parks. THPRD noted that their System Development Charges (SDCs) are tied up with the acquisition of land for North Bethany parks. They also noted that some North Bethany developers are opting to build the North Bethany trails and parks in exchange for THPRD SDC credits, so THPRD is not receiving SDCs from all development in North Bethany.

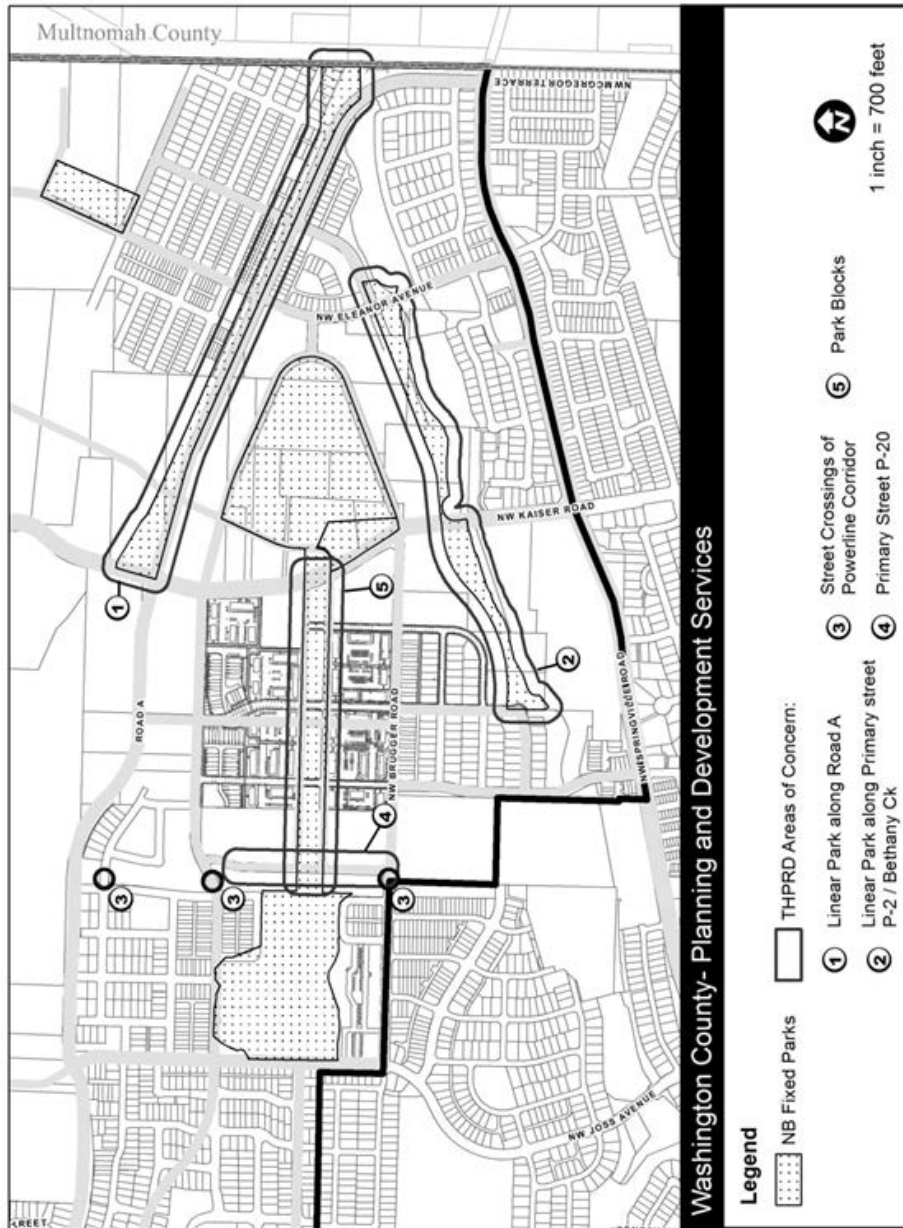


Figure 1

THPRD identified five areas for which they requested exemption from the half-street construction requirement. The locations of these five areas within the North Bethany Subarea are shown in Figure 1.

Residential development has been approved within or adjacent to each of THPRD's five areas of concern within the last one to two years. Staff researched the street improvements that developers were required to provide within THPRD's areas of concern through development application conditions of approval. In several cases, staff found that developers were required to construct full-width street segments within THPRD's areas of concern per the county's development application approvals, thus reducing THPRD's responsibility for half-street improvements in those areas by a substantial amount.

Each of THPRD's five areas of concern is described in more detail below, along with the status of the adjacent street improvements.

1. Linear Park along Road A

This facility is a Fixed Park located on the north side of Road A (Shackelford Road), east of NW Kaiser Road. The park, which is shown in Figure 2, is approximately 3,000 feet in length. The park extends along Road A from the eastern edge of North Bethany to the NW Shackelford Road / NW Kaiser Road intersection.

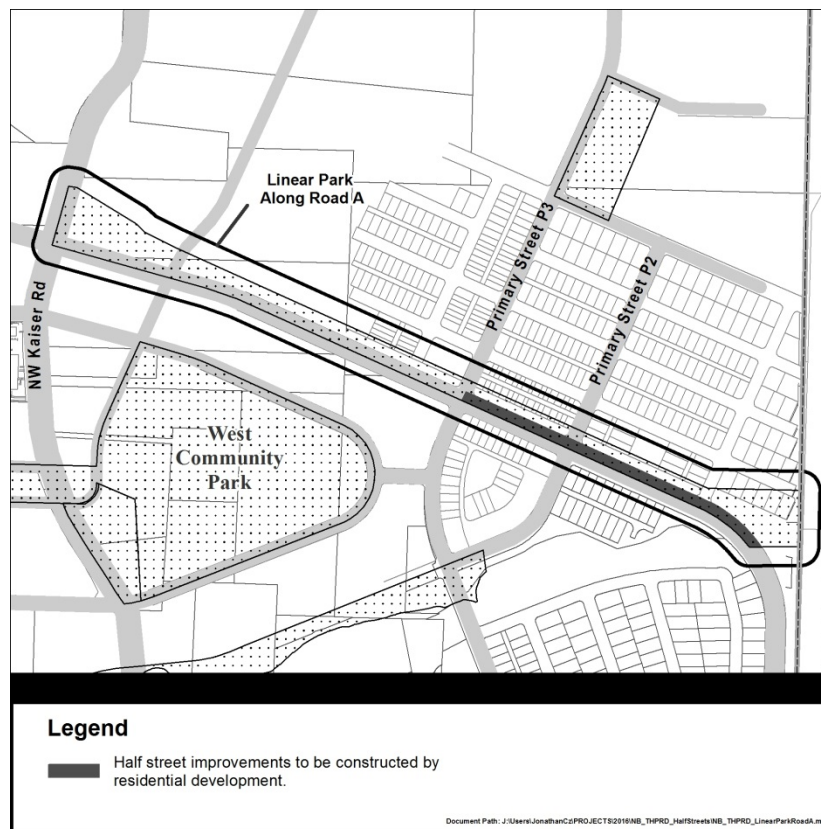


Figure 2

Polygon Northwest obtained county approval of a residential development application, Casefile 13-205, for “Polygon at Bethany Creek Falls”. The development site for that application included approximately 1,350 feet of Road A along the linear park. Because the development site included the full width of that segment of Road A, Condition IV.A.3.b of Casefile 13-205 required the developer to construct the full width street improvements for that road segment. As a result, THPRD is not responsible for constructing the half-street improvements for a substantial amount (almost half) of the linear park’s Road A frontage.

Residential development has not yet been proposed adjacent to the remaining approximately 1,650 feet of the linear park’s Road A frontage. If a future development application in this area included the full width of a Road A segment within the development site, the county would require the developer to construct the full width street improvements for that Road A segment as a condition of development approval. In that case, THPRD would not be responsible for the half-street improvements along that segment of the linear park’s Road A frontage.

On the other hand, if a future development application included less than the full width of a Road A segment within its development site, the county would require the developer to construct half-street improvements or half-street improvements plus 10 feet for the Road A segment. In that case, THPRD would be responsible for half-street or quarter-street improvements along that segment of the linear park’s Road A frontage.

2. *Linear Park along Primary Street P-2/Bethany Creek*

This facility is a Fixed Park located along the north side of Bethany Creek, on the east and west sides of NW Kaiser Road. The park is approximately 2,550 feet in length, and is shown in Figure 3. The park extends from Primary Street P-3’s crossing of Bethany Creek to a location near Primary Street P-9’s intersection with Primary Street P-2.

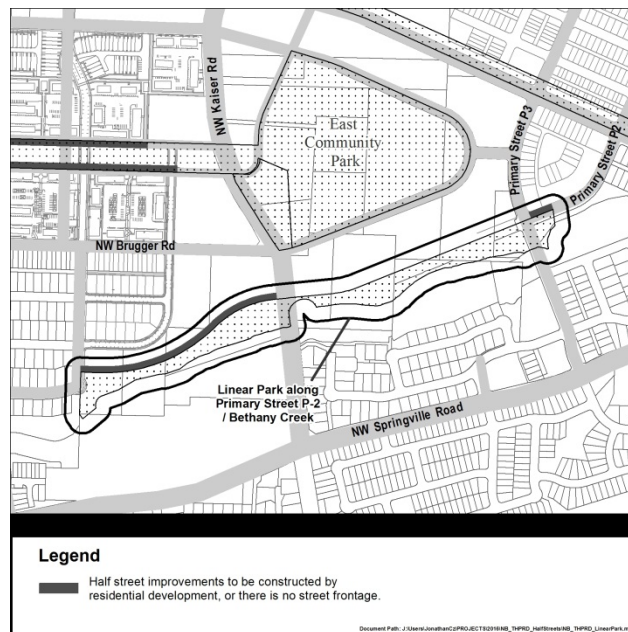


Figure 3

When the Plan was adopted in 2010, the entire length of the linear park fronted on Primary Street P-2. Significant segments of Primary Street P-2 were subsequently removed from the Plan by ordinances in 2014 and 2015.

West Hills Development obtained county approval of a residential development application, Casefile 15-028, for “North Bethany Creek No. 2.” The development site for that application included a local street along a portion of the linear park. Condition III.B.3.b of Casefile 15-028 required the developer to construct the full width of that local street, which constitutes the sole proposed street frontage along the portion of the linear park lying west of NW Kaiser Road. As a result, THPRD is not required to construct half-street improvements for the portion of the linear park lying west of NW Kaiser Road, which represents almost half (approximately 1,150 feet) of the linear park’s total length.

The portion of linear park on the east side of NW Kaiser Road is approximately 1,400 feet in length. An approximately 100-foot segment of Primary Street P-2 is located along the east end of the linear park. Polygon Northwest was required to construct the full width of that segment per Condition IV.A.3.c of Casefile 13-205 for “Polygon at Bethany Creek Falls.” As a result, THPRD is not required to construct a half-street improvement for that Primary Street P-2 segment.

Polygon Northwest has indicated that they are preparing to submit a residential development application for land along the remaining approximately 1,300 foot stretch of the linear park on the east side of Kaiser Road. At a November 2015 pre-application meeting, they indicated the intent to place a local street alongside this remaining stretch of linear park.

If a future development application for this area proposes local street frontage along the linear park and includes the full width of the local street within the development site, the county would require the developer to construct the full width street improvements for that local street segment as a condition of development approval. In that case, THPRD would not be responsible for the half-street improvements along the linear park’s local street frontage.

On the other hand, if a future development application proposes a local street along the linear park but does not include the full width of the local street within the development site, the county would require the developer to construct half-street improvements or half-street improvements plus 10 feet for the local street segment. In that case, THPRD would be responsible for half-street or quarter-street improvements along the linear park’s local street frontage.

3. Street crossings of the Powerline Corridor between Road A and NW Brugger Road

A north-south powerline corridor is located east of the West Community Park. This powerline corridor is planned to contain a future segment of the Waterhouse Trail, which will connect with the North Bethany community trail network. THPRD expressed concern that they would be responsible for constructing the full street widths of Primary Street P-4 and proposed local Street “H” where they cross the powerline corridor. THPRD also expressed concern that they would be

responsible for constructing the half-street improvements to existing NW Brugger Road where it crosses the powerline corridor. The locations of these street crossings are shown in Figure 4.

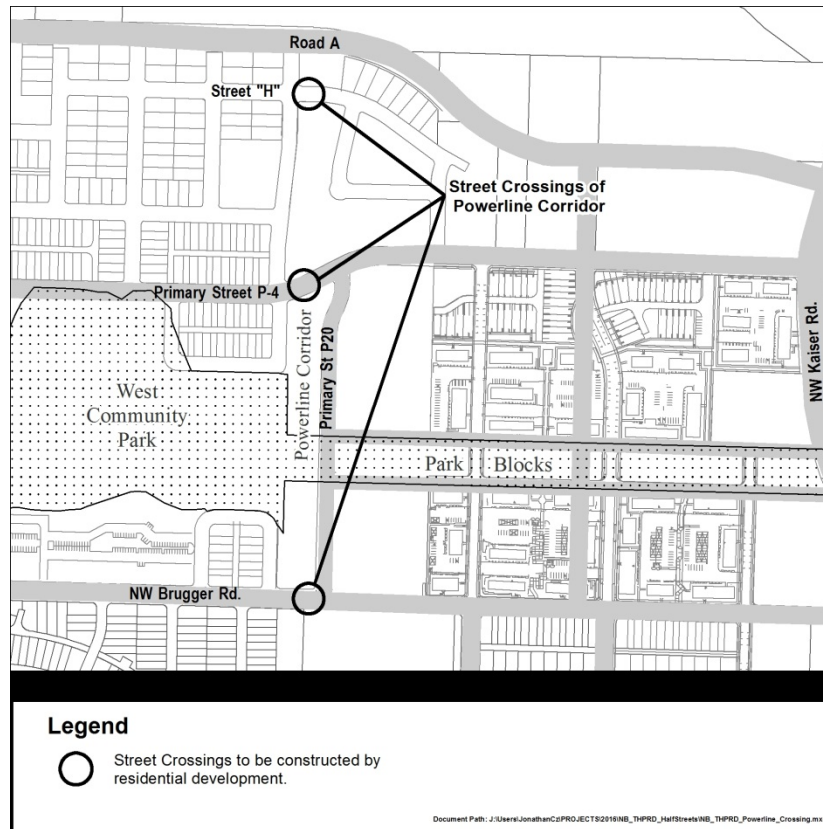


Figure 4

West Hills Development obtained county approval of a residential development application in this area, Casefile 15-129, for “Arbor at West Park.” The development site for the application included Primary Street P4 and local Street “H” where they crossed the powerline corridor, and was directly adjacent to NW Brugger Road where it crossed the powerline corridor.

Because the application’s development site included the full width of Primary Street P4 and local Street “H” where they crossed the powerline corridor, Condition VI.B.3.a and Condition IX.B.3.a of Casefile 15-129 required the developer to construct the full widths of those streets at their crossing locations. As a result, THPRD is not responsible for constructing these two streets where they cross the powerline corridor.

Because the application’s development site included the powerline corridor adjacent to the north edge of NW Brugger Road, Condition XII.B.3.a of Casefile 15-129 required the developer to construct the half-street improvements along the north side of NW Brugger Road where it crosses the powerline corridor. As a result, THPRD is not responsible for constructing the half-street improvements for NW Brugger Road where it crosses the powerline corridor.

4. Primary Street P-20 along the Powerline Corridor

In 2010, A-Engrossed Ordinance No. 730 adopted the North Bethany Subarea Plan. The adopted plan included the West Community Park at the west end of the Park Blocks. The West Community Park had street frontage around its entire perimeter, as shown in Figure 5.

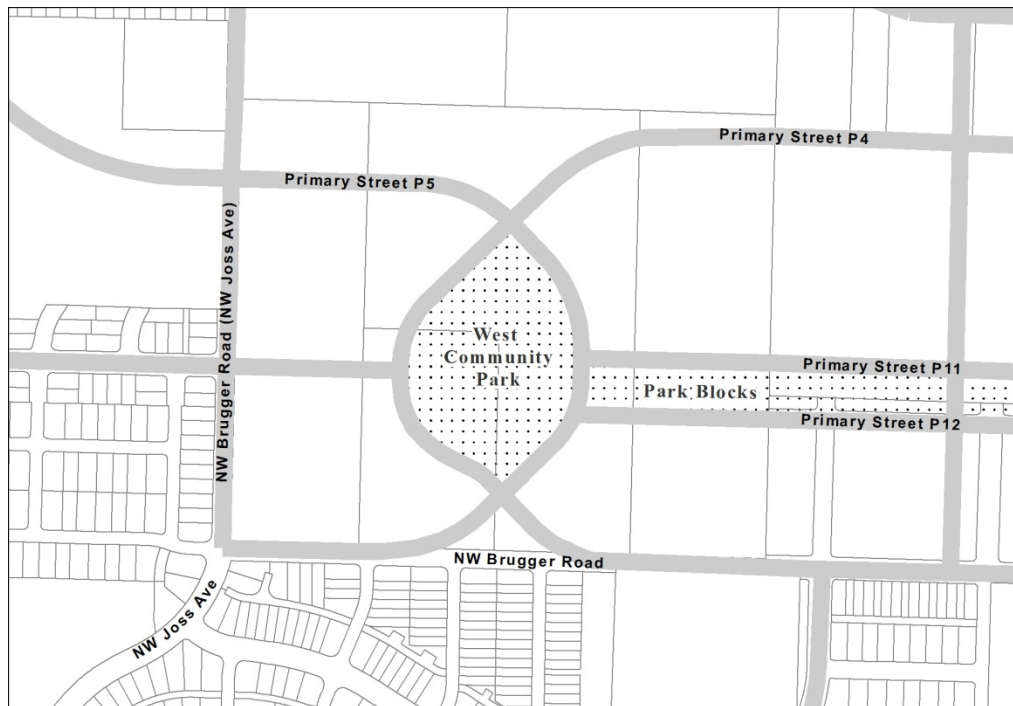


Figure 5

In 2014, A-Engrossed Ordinance No. 789 reconfigured the West Community Park and adjacent streets, and reduced the park's street frontage. The ordinance also added a new local street, Primary Street P-20, along the east side of the powerline corridor that is adjacent to the West Community Park, as shown in Figure 6 on the next page. Primary Street P-20 connects Primary Street P-4 to Brugger Road, and is approximately 1,000 feet in length. The intent of the new Primary Street P-20 was to provide street frontage in the vicinity of the West Community Park, to make up for the reduction in street frontage along the park itself.

THPRD has expressed reservations about constructing the Primary Street P-20 half-street improvements along the east side of the powerline corridor. However, staff notes that Primary Street P-20 was added to the Plan via A-Engrossed Ordinance No. 789 at the request of THPRD. When THPRD requested addition of Primary Street P-20, staff asked if THPRD was willing to construct half-street improvements for that street. Staff received an affirmative reply from the THPRD Director of Planning. On that basis, Primary Street P-20 was added to the Plan via A-Engrossed Ordinance No. 789, and text was added to the Plan that required THPRD to construct the western half-street improvement of Primary Street P-20.

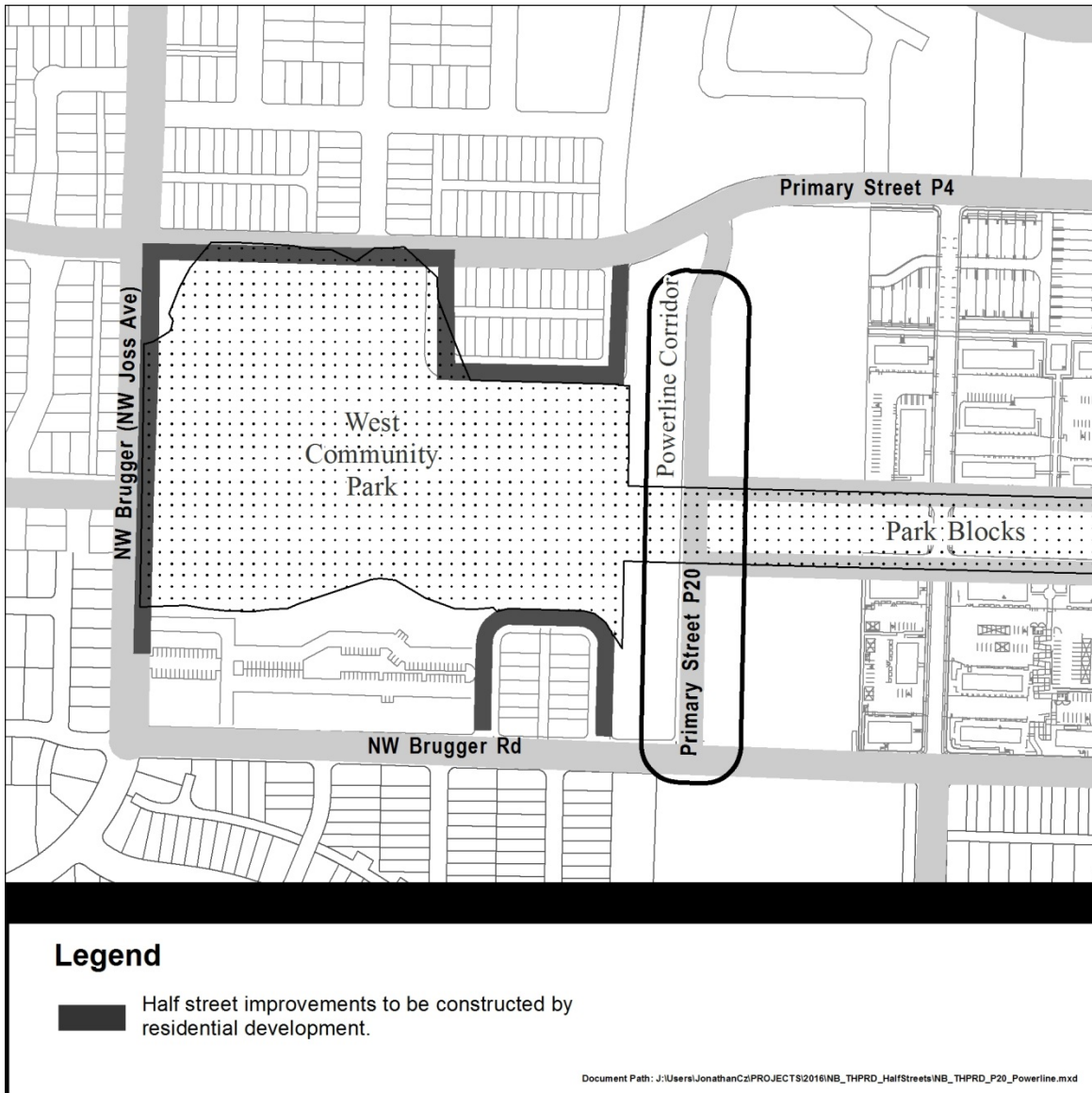


Figure 6

Staff recommends against exempting THPRD from constructing the Primary Street P-20 half-street improvements along the east side of the powerline corridor, for the following reasons:

- Primary Street P-20 was added to the Plan along the east side of the powerline corridor at the express request of THPRD.
- The county received an affirmative reply from THPRD staff that the District would be responsible for Primary Street P-20's half-street improvements along the powerline corridor if the street was added to the Plan, and Primary Street P-20 was added to the Plan on that basis.
- A-Engrossed Ordinance No. 789 greatly reduced the West Community Park's street frontages, and THPRD's responsibility for constructing half-street improvements along those frontages.

- Due to the reconfiguration of the West Community Park by A-Engrossed Ordinance No. 789, the park's street frontages are now limited to a north-south segment of NW Brugger Road (NW Joss Avenue), a segment of Primary Street P-4, and segments of two local streets, Street A and Street B. Conditions III.B.3.a and III.B.3.b of Casefile 15-129 for "Arbor at West Park" require the applicant, West Hills Development, to construct the half-street improvements for the park's NW Brugger Road and Primary Street P-4 frontages. Conditions XII.B.3.a and VI.B.3.b of Casefile 15-129 require West Hills Development to construct the full street improvements for Street A and Street B, including the park frontages. As a result, THPRD is not required to construct any other half-street improvements for the West Community Park.

Area of Special Concern (ASC) 11 of the North Bethany Subarea Plan states that THPRD shall be responsible for construction of the western half-street improvement of Primary Street P-20 between Primary Streets P-4 and P-6. However, the full width and extent of Primary Street P-20 is located within a single tax lot, and at a January 2016 pre-application meeting with county staff, West Hills Development indicated that they are preparing to submit a residential development application for this tax lot. West Hills' proposed development site contains the full width of Primary Street P-20.

Because the full width of Primary Street P-20 lies within a single tax lot that is West Hills' proposed development site, it is likely that the development application conditions of approval will require the developer to construct the full width street improvements for Primary Street P-20, with the exception of the sidewalk along its west side (along the powerline corridor). In that case, the only Primary Street P-20 improvement for which THPRD would be responsible is the sidewalk along its west side.

A North Bethany Subarea Plan provision allows THPRD to combine the powerline corridor trail with the Primary Street P-20 sidewalk if certain conditions are met. Per Area of Special Concern 11 of the North Bethany Subarea Plan, if THPRD locates the trail within the powerline corridor at a distance of less than 25 feet from the Primary Street P-20 right-of-way, the trail and the sidewalk may be combined into one facility by widening the sidewalk to 12 feet.

5. *Park Blocks*

This facility is a Fixed Park that is shown in Figure 7 on the next page. The park is bounded by Primary Street P-11 to the north, Primary Street P-12 to the south, NW Kaiser Road to the east, and the north-south powerline corridor to the west. The Park Blocks have approximately 1,550 feet of frontage on Primary Street P-11, and approximately 1,600 feet of frontage on Primary Street P-12. The Park Blocks are approximately 100 feet wide between Primary Streets P-11 and P-12.

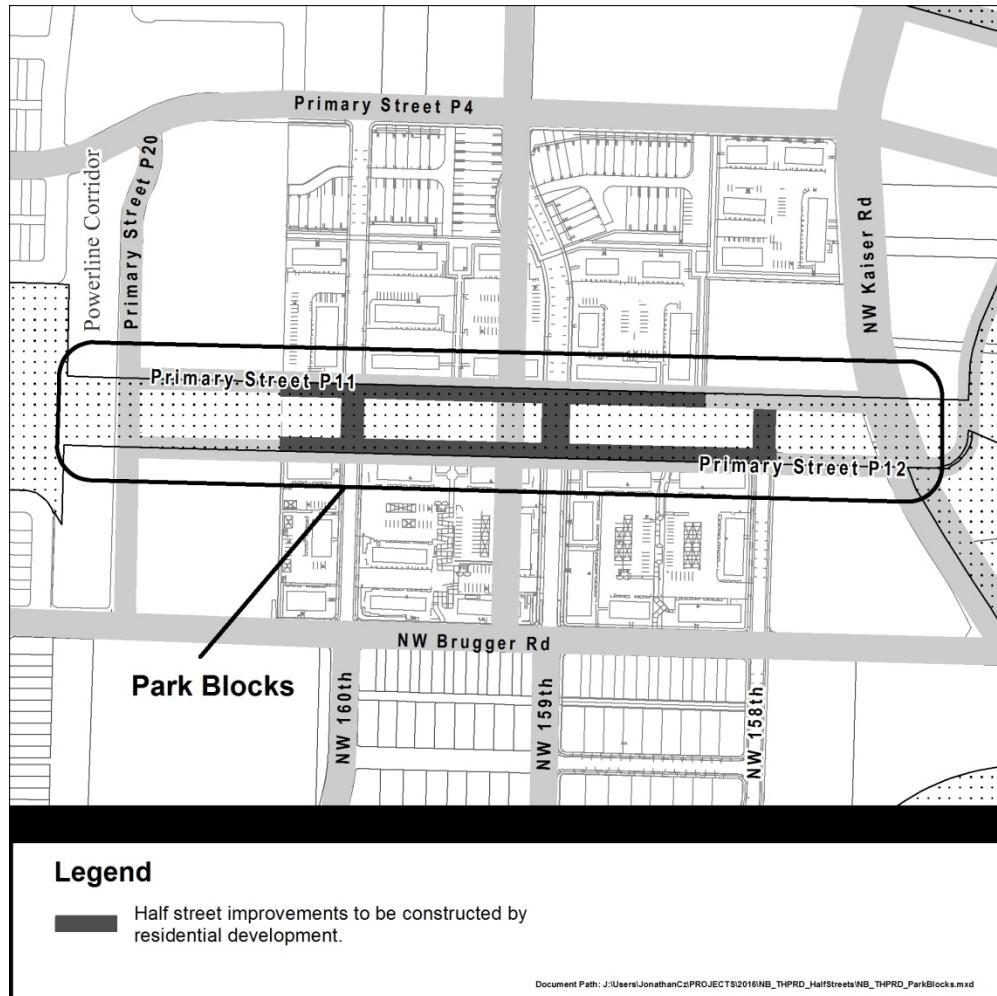


Figure 7

THPRD has expressed concern about their responsibility to construct the following Park Blocks related street improvements:

1. Half-street improvements along the Primary Street P-11 frontage of the Park Blocks;
2. Half-street improvements along the Primary Street P-12 frontage of the Park Blocks;
and,
3. Half- or full-street improvements for three north-south streets that cross the Park Blocks.

Regarding the first concern, staff notes that West Hills Development obtained county approval of a residential development application, Casefile 15-019, for “North Bethany Crest.” The development site for that application included approximately 900 feet of Primary Street P-11 along the Park Blocks. Because the development site included the full width of that segment of Primary Street P-11, Condition IV.A.3.d of the casefile approval required the developer to construct the full width street improvements for that segment of Primary Street P-11. As a result, THPRD is not responsible for constructing the half-street improvements for a Primary Street P-11 segment that represents over half of the Park Blocks’ Primary Street P-11 frontage.

Regarding the second concern, staff notes that West Hills Development obtained county approval of a residential development application, Casefile 14-078, for “North Bethany Ridge Apartments.” The development site for that application included approximately 1,100 feet of Primary Street P-12 along the Park Blocks. Because the development site included the full width of that segment of Primary Street P-12, Condition IV.A.3.b of the casefile approval required the developer to construct the full width street improvements for that segment of Primary Street P-12. As a result, THPRD is not responsible for constructing the half-street improvements for a Primary Street P-12 segment that represents over two-thirds of the Park Blocks’ Primary Street P-12 frontage.

The conditions of Casefiles 15-019 and 14-078 noted that THPRD would be responsible for construction of sidewalks along the Park Blocks’ frontages of Primary Streets P-11 and P-12. However, while it may be desirable, the applicable North Bethany street cross-section for Primary Streets P-11 and P-12 (Street Design Type PB) does not require sidewalks along the Park Blocks frontages of these streets. THPRD will likely conduct master planning to determine whether or how to locate sidewalks or trails through the Park Blocks.

Residential and/or commercial development has not yet been proposed adjacent to the remaining approximately 650 feet of the Park Blocks’ Primary Street P-11 frontage, and the remaining 500 feet of the Park Blocks’ Primary Street P-12 frontage. If future development applications in this area included the full widths of Primary Street P-11 and P-12 within their development sites, the county would require the developer to construct the full width street improvements for those primary street segments as a condition of development approval. In that case, THPRD would not be responsible for the half-street improvements along those segments of the Park Blocks’ Primary Street P-11 and P-12 frontages.

On the other hand, if future development applications included less than the full widths of Primary Streets P-11 or P-12 within their development sites, the county would require the developer to construct half-street improvements or half-street improvements plus 10 feet for the Primary Street segments. In that case, THPRD would be responsible for half-street or quarter-street improvements along those segments of the Park Blocks’ Primary Street P-11 and P-12 frontages.

Regarding the third concern, staff notes that three north-south streets - NW 158th Avenue, NW 159th Avenue (Primary Street P-9), and NW 160th Avenue - will cross the Park Blocks. The development site for Casefile 15-019 contains the full width of these street crossings from the center of the Park Blocks and extending to the north, while the development site for Casefile 14-078 contains the full width of these street crossings from the center of the Park Blocks and extending to the south. Conditions IV.A.3.a, b, and c in Casefile 15-019 and Conditions IV.A.3.c, d, and e in Casefile 14-078 required West Hills Development to construct the full width of these street segments within and across the Park Blocks. As a result, THPRD is not responsible for constructing the street improvements for these streets where they cross the Park Blocks.

Summary of THPRD Half-Street Construction Responsibilities:

THPRD requested an exemption to the half-street improvement requirement for five North Bethany park facilities. Staff examined the status of the streets adjacent to these facilities. Staff found that private residential development has been conditioned to construct approximately 5,200 linear feet of street improvements adjacent to park facilities in THPRD's five areas of concern. This has significantly reduced THPRD's responsibility for constructing these facilities' half-street improvements.

When a mapped park or trail is located within a North Bethany development site, THPRD and the developer negotiate a Purchase and Sale Agreement (PSA) before the county issues approval of the development application. According to THPRD, the terms of some of these PSAs have required THPRD to pay for half-street improvements in some cases, even when the conditions of approval for the development application have required the developer to construct those improvements.

THPRD remains potentially responsible for constructing up to approximately 5,100 linear feet of half-street improvements associated with some of these facilities. One portion of this 5,100-foot total is the approximately 1,650 linear feet of half-street improvements associated with Road A, a three-lane collector. Washington County Road Engineering's cost estimate range for an urban three-lane road is approximately \$1,150 to \$1,600 per lineal foot, based on 2011 costs. Based on that range, the estimated cost for a half-street improvement would be approximately \$575 to \$800 per lineal foot. Using that estimate, the cost of 1,650 linear feet of half-street improvements for Road A could be in the neighborhood of \$950,000 to \$1.3 million.

The remainder of the total is approximately 3,450 linear feet of half-street improvements to several two-lane neighborhood routes and local streets. Washington County Road Engineering does not have a lineal foot cost estimate for urban two-lane streets, since they do not typically construct such streets.

Objections to THPRD's Half-Street Construction Exemption Request:

During the proceedings for A-Engrossed Ordinance No. 771 in 2013, West Hills Development (West Hills) objected to THPRD's request to exempt the North Bethany linear parks from the half-street construction requirements. West Hills' objections included the following:

- THPRD's requested exemptions establish an undesirable precedent. They will encourage other public and quasi-public entities to make similar requests.
- THPRD's requested exemptions are bad planning policy. Policies should not favor one property owner over another.
- THPRD's requested exemptions are inconsistent with the purpose of the North Bethany planning work.
- Normal frontage improvements are not considered "takings," because they address the impacts of a property's development. Requiring THPRD to construct frontage improvements along its properties does not constitute a taking.
- West Hills owns or has options on land located on the opposite side of a Primary Street adjacent to one of the linear parks. The county may not waive THPRD's requirement and

then impose the frontage requirement on West Hills as the property owner on the opposite side of the road.

- If the Plan is amended to exempt THPRD, the county will have determined that the pedestrian need is met by the trail within a linear park and that there is no need for the sidewalk improvement.
- If the county were to impose this requirement on West Hills instead, this would be an off-site requirement with no “essential nexus” between the need for the improvement and the impacts of West Hills’ development.
- Therefore, requiring West Hills to make the improvement would be a taking of West Hills’ property rights.
- If the Plan is amended to grant THPRD’s requested exemptions, the Plan amendment should expressly state that West Hills will not have to make the improvements.

West Hills representatives requested to be included in discussions on the half-street improvement issue before proposed amendments were provided to the Board.

Analysis

In the absence of alternative half-street funding mechanisms, the consequence of exempting North Bethany park facilities from the half-street improvement requirements would be park street frontages that lack improvements such as curbs, gutters and sidewalks.

Elsewhere in the urban unincorporated county, street frontage improvement gaps exist in several locations where streets cross existing powerline corridors or open space areas. These gaps are characterized by street segments that lack improvements such as sidewalks, curbs and/or gutters.

A couple of examples of these substandard areas are:

- The segment of NW West Union Road that crosses a future trail alignment within a powerline corridor near NW 147th Place, which lacks sidewalks, curbs and gutters. Figure 8 shows a street view of this crossing;
- The segment of NW West Union Road that crosses a powerline corridor containing a THPRD trail near NW Oak Creek Drive, which lacks curbs and gutters.



Figure 8

These existing street frontage improvement gaps are inconsistent with nearby improvements along the same stretch of road, and do not meet the county's current street standards. These gaps will not get remedied unless there is a public project in the vicinity. Without a public project, they will remain as areas of substandard urban street frontage.

Staff believes that gaps in street frontage improvements should not be allowed to occur in the North Bethany Subarea. The intent of the North Bethany planning process was to create a community of distinction, and allowing street frontage improvement gaps along park facilities is not consistent with that intent. Staff recommends maintaining the half-street construction requirement for North Bethany parks until an alternative funding source is identified and secured.

Staff has identified potential alternative options for funding half-street improvements adjacent to parks. These are described below, along with relevant considerations.

THPRD Funding Options:

THPRD could increase their System Development Charge (SDC), and use the additional monies to fund the North Bethany half-street construction requirements or give credits. The THPRD Board began considering a proposed parks SDC increase at their January 12, 2016 meeting, and will continue considering the SDC increase proposal at subsequent meetings. For the North Bethany Subarea, the proposal would increase the current \$6,450 parks SDC to \$12,645 per single family home.

However, THPRD's SDC methodology does not currently include the cost of North Bethany half-street improvements as part of park land acquisition or development costs for linear parks and trails. THPRD indicated that the cost of North Bethany half-street improvements for these facilities was not included in the SDC methodology based on THPRD's belief that the District should not be responsible for half-street improvements where the trail or park is part of the transportation system.

If THPRD should decide to include half-street improvement costs in the parks SDC, they would need to consider trade-offs such as reducing the quantity or level of development of parks, or increasing the proposed SDC amount.

Developer-Funded Improvements:

Developers of land on the opposite sides of streets from North Bethany parks, whose development sites do not include the full width of the street, could be required to construct the full-street improvements. However, this requirement does not apply elsewhere in the county, so imposing such a requirement in North Bethany would be unique. In addition, requiring a developer to construct full-street improvements when the development site does not include the full street width may not be proportional to the impact of the development. As noted in the Background section of this Issue Paper, West Hills argued against such a requirement in their written testimony for A-Engrossed Ordinance No. 771.

County Funding Options:

The county could potentially utilize one or more of the following funding options to help pay for half-street improvements along North Bethany linear park frontages.

Urban Road Maintenance District (URMD)

The URMD funds interim improvements that address road safety issues, including gaps in road construction or maintenance. Staff considered URMD as a potential funding option, but its use to fund North Bethany half-street improvements does not appear to be feasible.

Road Fund

Use of the county's Road Fund is an option, although its use to fund half-street improvements would be unprecedented. If half-street improvements adjacent to North Bethany linear parks were added as Road Fund items, they would be in competition with other facilities in areas that are unfunded.

Local Improvement District

A Local Improvement District (LID) is a financing mechanism authorized by Oregon Revised Statute 223, and implemented by Washington County Code Section 3.20. An LID is formed to construct, operate and maintain public improvements that are financed by special assessment against benefitted property. The Board has broad discretion to determine what qualifies as "benefitted property," since this term is not defined in the statute or code.

LID formation must comply with the requirements in Washington County Code Section 3.20, but an election is not required. However, remonstrance (written objections) by two-thirds of the property owners within an LID can cause it to be suspended for 6 months or abandoned. One potential downside of an LID is that it may require the county to provide interim financing for improvements, and to assume a risk of loss during construction.

In North Bethany, property owners are currently required to pay one time or ongoing assessments, including the Transportation Development Tax (TDT), the North Bethany Transportation System Development Charge (SDC), the North Bethany County Service District for Roads (CSD), and a proposed higher THPRD SDC for parks. Therefore, staff recognizes that there may not be an appetite among North Bethany property owners for a LID assessment.

Changes to the North Bethany Transportation Funding Strategy

The North Bethany Transportation Funding Strategy (Funding Strategy) was adopted by the Board in 2011 by Resolution & Order. A five-year review of the Funding Strategy is planned to occur in 2016.

The Funding Strategy serves as a road map for assurance of adequate transportation funding in the North Bethany Subarea. The Funding Strategy consists of the four revenue tools listed below:

- \$10 million from the Major Streets Transportation Improvement Program (MSTIP) to be allocated toward improvements in the vicinity of the North Bethany Subarea;

- 75 percent of the revenue or credits generated by the TDT within the North Bethany Subarea to be allocated toward improvements in the North Bethany Subarea;
- A North Bethany Transportation SDC that works similarly to, and supplements, the TDT. The SDC is paid by developers of property in the North Bethany Subarea at time of building permit; and
- A North Bethany County Service District for Roads (CSD), with revenue in the form of an additional amount incorporated into property taxes of tax lots within the North Bethany Subarea.

The Funding Strategy's MSTIP and TDT revenue tools cannot be used to fund improvements to neighborhood routes and local streets. Four of THPRD's five areas of concern are neighborhood routes or local streets, so improvements to those streets would not be eligible for MSTIP or TDT funding.

One of THPRD's five areas of concern, the Road A segment on the east side of Kaiser Road, is a collector street. However, that segment of Road A is not included in the Funding Strategy's project list. In order to make that segment of Road A eligible for the MSTIP or TDT components of the Funding Strategy, the Funding Strategy's project list may need to be amended.

The Board could choose to authorize changes to the Funding Strategy in order to provide funding for half-street improvements adjacent to North Bethany parks. Potential changes to the Funding Strategy could include one or more of the following:

- Increasing the amount of MSTIP funds to be allocated to North Bethany improvements;
- Allocating a greater percentage of TDT to North Bethany improvements;
- Amending the SDC and/or CSD transportation project list to include half-street improvements adjacent to parks;
- Increasing the North Bethany Transportation SDC rate; and/or
- Increasing the North Bethany CSD rate.

Staff notes that all of THPRD's facilities of concern are quite localized, except for the linear park street frontage along Road A, a collector. Therefore, the MSTIP and TDT options above could only be applied to Road A. However, applying one or both of these funding options to Road A half-street improvements could potentially free up other funds for use along THPRD's remaining facilities of concern. Given the localized nature of the remaining facilities, the only changes to the Funding Strategy that could directly fund half-street construction along those facilities' frontages would be increases to the SDC rate or the CSD rate.

Resolution and Order 11-20 for the CSD says that it shall not fund sidewalks. Although the CSD may be able to fund the remaining half-street improvements along the frontage of the Park Blocks, Primary Street P-20 and the linear parks, there could be legal risk in doing so. Use of the CSD to fund these half-street improvements could also have other implications, including delay in funding other items on the CSD project list and/or the need to keep the CSD in place for a longer time period. If the Board wishes to explore the CSD's ability to fund half-street improvements in THPRD's areas of concern, more discussion and analysis is appropriate.

Any of the above options would have implications on the development community and/or on other needed improvements, and would need to be fully analyzed before a final recommendation could be made.

Summary

In the North Bethany Subarea, all development adjacent to a street – including the development of a park – is required to construct a half-street improvement along its frontage. THPRD has requested an exemption to the half-street improvement requirement for specific North Bethany park facilities.

Staff examined the status of the streets adjacent to these facilities. Staff found that private development has been conditioned to construct substantial portions of the street improvements in several cases, thus substantially reducing THPRD's responsibilities for constructing half-street improvements adjacent to their facilities. However, THPRD remains potentially responsible for constructing several thousand linear feet of half-street improvements adjacent to the facilities for which they have requested an exemption.

If any North Bethany parks are exempted from the half-street construction requirement, it is not yet known how half-street improvements along these facilities would be funded. Staff recommends maintaining the half-street construction requirement for parks. If the Board wishes to exempt North Bethany parks from the half-street construction requirement, staff recommends that the exemption not occur until after an alternative funding source is identified and secured.