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AGENDA ITEM #: _____

FINAL ACTION: _____

PLANNING COMMISSION STAFF REPORT

TO: *Planning Commission*

FROM: *Daniel Riordan, Senior Planner*
Jon Holan, Community Development Director

MEETING DATE: *June 5, 2017*

PROJECT TEAM: *Jon Holan, Community Development Director, Rob Foster Public Works Director, Richard Blackmun, Special Projects Engineer, Dan Riordan Senior Planner*

SUBJECT TITLE: *Recommendation to City Council to Approve the Westside Refinement Plan and Accompanying implementation measures (File No. 311-17-000013-PLNG)*

ACTION REQUESTED: ☐ Ordinance ☒ Motion ☐ Informational

X all that apply

ISSUE STATEMENT: The Planning Commission continued a public hearing on May 30, 2017 to receive comments on the proposed Westside Refinement Plan and accompanying implementation measures. As a result of the testimony provided, the Commission asked staff to follow-up on several items. This memorandum provides staff responses to those items identified by the Planning Commission.

BACKGROUND:

The Planning Commission opened the public hearing on May 15th and continued the hearing to May 30, 2017, regarding adoption of the Westside Refinement Plan and accompanying implementation measures. During the public hearing, at the last meeting, several themes emerged and the Commission asked for additional information prior to deliberations. Staff responses to the Commission's request are provided in italics text below.

Infrastructure Funding

Testimony was provided to the Planning Commission on May 30th regarding the cost of infrastructure necessary to serve future development in the Westside planning area and potential impact on property owners. This issue is addressed below.

The Westside Refinement Plan includes planning level costs estimates for infrastructure for both the David Hill and new urban growth boundary ("Purdin Road") areas. Cost estimates were prepared for collector roads, water, sanitary sewer trunk lines, and certain storm drainage facilities. It is important to note the infrastructure costs for the David Hill area apply regardless of adoption of the Westside Refinement Plan. This is because the Westside Plan does not significantly change the land use designations already identified in the Comprehensive Plan.

The Plan also identifies options for funding infrastructure needs. The testimony provided on May 30th focused exclusively on the use of supplemental system development charges (SDCs) to fund infrastructure needs especially roads. System development charges are only one of several ways to fund infrastructure.

Other options include establishing a local improvement district whereby property benefitting property owners are assessed for infrastructure improvements, a developer reimbursement district to reimburse developers for constructing improvements beyond what's needed for the particular development, establishing a tax increment financing district (urban renewal), and seeking funded through county, regional and state programs.

A decision regarding the preferred funding approach is not requested at this time. This will be addressed comprehensively through updates of the City's infrastructure facility master plans. At this time it is only necessary to demonstrate that infrastructure could be funded in some fashion. This is necessary for compliance with regional and state planning requirements.

The funding options contained in the Westside Refinement Plan are based on estimated infrastructure costs for both the David Hill and new urban growth boundary ("Purdin Road") subareas. This information is provided to give a sense of the potential per-dwelling unit costs if each subarea paid only its share of infrastructure costs versus distributing potential cost impacts across the entire Westside planning area.

Although this is useful information this not the way infrastructure has been funded by the City. The typical approach is to identify City-wide needs in the various infrastructure facility master plans and then develop a list of capital projects to fund high priority projects based on expected resources including system development charges. The list of high priority projects is adopted into the City's Capital Improvement Program which covers a five-year period. In contrast, the facility master plans typically cover a twenty year period of time. Under the typical funding approach, developers pay system development charges at the time of building permit issuance. A credit is provided if the developer builds capacity beyond what is necessary to serve the development. The remaining SDCs are used to fund the high priority projects on the Capital Improvement Program list regardless of location so that highest priority needs are addressed.

The collector road projects identified in the Westside Refinement Plan are the costliest infrastructure improvements identified in the Plan. Possible funding options for road needs are presented below consideration. To provide a sense of needed funding for the identified collector roads use of the Washington County Transportation Development Tax (TDT) is assumed. Where the TDT appears inadequate, a supplemental transportation system development charge has been identified as a funding option. This information is provided to frame a discussion about potential funding approaches. It is premature to recommend a specific option until all transportation needs in the City are evaluated as part of the next update to the Transportation System Plan anticipated in 2018. The reason selection of a particular option is premature is the City must adopt a "financially constrained" project list for needed road projects to meet the Oregon Transportation Planning Rule. It is at this time when various funding sources will be evaluated and a determination made as to which projects can be funded with identified resources. If resources are inadequate a recommendation will be made as to how to fill the funding gap. Options include removing projects from the financially constrained project list or identifying new funding sources such a supplemental system development charge.

To assist with updating the Transportation System Plan a community advisory committee could be formed. The committee could include representation from the Westside planning area to ensure property owner concerns about funding are addressed as part of developing recommendations.

The following section provides detail about the roadway funding options identified in the Westside Refinement Plan.

Transportation Funding Policy Option 1: (Area Wide TDT with All Projects Funded with TDT Revenue)

One policy option is to establish a supplemental TDT for the entire Westside Planning area. That is, one rate for the entire area. Under this approach, a TDT amounting to \$11,435 would be necessary to fill the funding gap for transportation projects in the Westside plan area. Adding the supplemental charge to the current TDT the total transportation fee would be \$19,349 based on the blended rate.

This approach creates some equity issues since traffic impacts are not spread evenly throughout the planning area. For instance, development in the new urban growth boundary area north of David Hill Road requires improvement of the two Highway 47 roundabouts over time. In the David Hill area west of Thatcher Road improvement to David Hill Road and Thatcher Road is necessary as well as construction of a north-south collector street west of Thatcher Road. None of the improvements provide benefit to the new urban growth boundary area.

Transportation Funding Policy Option 2:
(Area Wide TDT with Some Projects Funded by Outside Sources):

The second policy option assumes that improvements to the Highway 47 roundabouts, David Hill Road west of Thatcher Road and Thatcher Road north of David Hill Road are all funded by outside sources. This reduces the total cost of TDT funded projects by approximately \$15.3 million. If this approach is taken the supplemental TDT would be approximately \$3,571 per dwelling unit. The total combined TDT would be \$11,485. This amount is \$7,864 less than Option 1.

Transportation Funding Policy Option 3:
(TDT Revenues and Project Costs Allocated by Subarea):

Policy option 3 looks at dividing transportation revenues and costs by project subarea. One project subarea is David Hill north of Watercrest and west of Thatcher Road. The other project subarea is the new urban growth boundary area north of David Hill Road between Highway 47 and Thatcher Road. This is explored further below.

Option 3A. David Hill Subarea: If 100% of TDT revenue generated in the David Hill Area is used to fund improvements west of Thatcher Road the supplemental system development charge would be approximately \$22,860 for a total fee of \$30,775. This fee could be prohibitive with result potentially being little development in the David Hill subarea. To mitigate some projects could be funded with outside sources. For example, if the Thatcher Road improvements are funded by an outside source the supplemental charge would be \$11,459 and the total fee would be \$19,374. If the David Hill Road improvements are funded by an outside source in addition to Thatcher Road the supplemental charge would be reduced to \$12,764 per unit.

Option 3B. New Urban Growth Boundary Area: If 100% of the TDT revenue generated in the new urban growth boundary area is used to fund improvements in the new urban growth boundary area the supplemental charge would be approximately \$3,883. The total fee would be approximately \$11,797. If the Hwy 47 roundabout improvements were funded through an outside source there wouldn't be a need for a supplemental TDT. This is because TDT revenue based on development in the new urban growth boundary area would exceed the cost of transportation costs in the new urban growth boundary area by approximately \$2.9 million.

The chart below shows options for allocating transportation fees (Transportation Development Tax and potential supplemental system development charges). If the City deviates from the past practice of using SDC revenues for high priority projects and instead uses revenues generated in a particular area for projects in that area the cost of development on David Hill could be prohibitively expensive.

Transportation Development Tax Summary Table

Policy Option	Description	Current TDT Blended Rate	Supplemental TDT Required	Total TDT
1	Area Wide TDT – All Projects Funded With TDT	\$7,914	\$11,435	\$19,349
2	Area Wide TDT – Some Projects Funded with Outside Sources	\$7,914	\$3,571	\$11,485
3A	David Hill Subarea TDT	\$7,914	\$22,860	\$30,775

	David Hill Subarea TDT – Thatcher Road or David Hill Road Funded by Outside Source	\$7,914	\$11,459	\$12,764
3B	New Urban Growth Boundary Subarea TDT	\$7,914	\$3,883	\$11,797

Sustainability

The Commission heard testimony regarding the City's Vision Statement's emphasis on sustainability. In response to this testimony the Planning Commission considered whether the large infrastructure matters addressed by the Westside Refinement Plan should be placed in front of the Sustainability Commission.

The Planning Commission has the discretion to add policies to the Westside Refinement to address sustainability. Chapter 13 of the Westside Refinement Plan includes a number of recommended policies to address sustainability consistent with the City's Vision Statement. This includes basing land use designation on the limitations of the land, promoting efficient and cost-effective land development in the Westside planning area, promoting complete neighborhoods, encouraging a variety of housing types, ensuring that adequate public facilities needed to serve development are provided in an equitable and cost effective manner, and establishing a context sensitive street network considering the topography to reduce costs and environmental impacts particularly cut and fill.

In terms of funding needed infrastructure Goal 11.1 addresses the need for an equitable funding approach. Policy 11.1 states funding for needed infrastructure in the Westside planning area may require a variety of funding sources including system development charges, local improvement districts, utility fees, or other funding approached authorized by state law. Action 11.1.1 identifies the need to work with affected property owners to implement a fair and equitable funding approach for needed infrastructure. The premise supporting this goal, policy and action is promoting a sustainable approach to infrastructure funding.

Opportunity for input by the Sustainability Commission is possible prior to City Council consideration of the Refinement Plan in July and August. The Plan, background documents and staff reports are available for review on the project website. The Sustainability Commission could provide testimony to the City Council for consideration through the hearing process.

David Hill Road (West of Thatcher Road)

Testimony was provided to the Planning Commission on May 30th about the ability of David Hill Road, west of Thatcher Road, to handle traffic from future development safely.

The Forest Grove Transportation System Plan classifies David Hill Road west of Thatcher Road as a collector street. The area along David Hill Road west of Thatcher Road has been in the urban growth boundary since 1980 and as such urban development is expected in the vicinity of David Hill Road. The collector road designation is intended to reflect the expected volume of traffic from development and improvements necessary to bring the road up to urban standards.

Typically, development is required to upgrade streets to urban standards along the frontage of the development site. This is typically achieved through a condition of land use approval. Frontage improvements to David Hill Road will be based on modified urban collector standard. This modified collector standard for David Hill Road includes 32 feet of pavement within a 40 foot right-of-way. A sidewalk and bike lane will be accommodated within the right-of-way. Parking will not be permitted along David Hill Road. Prohibiting parking should help to improve site lines.

Alternatives to incremental improvement to David Hill Road include seeking non-City funding such as the Washington County Major Transportation Streets Improvement Project to improve the entire length of the roadway. Another approach is forming a local improvement district whereby benefitting properties are assessed a proportional share of the cost to improve the roadway.

Neighborhood Mixed Use Area (north of David Hill Road between B Street and Main Street)

Testimony was provided to the Planning Commission during the May 30th public hearing about the prospect of commercial development north of David Hill Road between B Street and Main Street.

The Westside Refinement Plan identifies an area north of David Hill Road between B Street and Main Street as Neighborhood Mixed Use (NMU). This area is approximately 19.7 net acres. The amount of commercial development identified for planning purposes and traffic estimation was approximately 46,500 square feet of building space on approximately 4.2 net acres. This land area represents about 21% of the net area comprising the NMU designation. The amount of commercial space used for the traffic analysis is comparable to the amount of commercial space proposed for the Stonewood Center development on Pacific Avenue presented to the Planning Commission.

Affordable Housing

Testimony was provided during the May 30th public hearing about the cost of development in the Westside Refinement Plan potentially precluding affordable housing. Follow-up to this concern is provided below.

The issue of affordable housing development in the Westside planning area has come-up on several occasions. The City recently amended the Development Code to increase allowed development densities in the Town Center and along the Pacific Avenue corridor. This change recognizes that higher density housing, including affordable housing options, is desirable near complementary services such as frequent transit and retail.

With respect to affordable housing the Westside Refinement Plan land use concept identifies areas for Medium Density Residential at 12 units per net acre and Neighborhood Mixed Use also at 12 dwellings per net acre. This density allows for the construction of housing options such as attached single family homes and apartments. Since this higher density allows for more units compared to lower density single family residential zones the costs of development can be spread among more units potentially reducing the per-unit cost of construction.

Also regarding affordable the proposed Westside Refinement Plan includes a goal in Chapter 11 (Goal 5.1) to "Provide opportunity for affordable housing types in the Westside planning area." The proposed policy for this goal (Policy 5.1.1) recommends that City "Establish development regulations to provide incentives for housing types affordable to households and families earning 80% or less of the Forest Grove area median income as defined by the U.S. Department of Housing and Urban Development." The City's ad-hoc affordable housing committee convened by the City Council is currently evaluating affordable housing programs and policies for consideration by City Council later this year.

Sanitary Sewer Systems

Testimony was provided during the public hearing on May 30th regarding the use of septic systems to pre-treat waste water as a cost-effective alternative to standard waste water transmission systems. The Commission expressed interest in this approach and asked staff to provide a response about how this approach could be addressed as part of the Westside Refinement Plan. A possible approach for addressing this issue is explained below.

The Planning Commission heard testimony encouraging the use alternative systems for addressing future sanitary sewer needs in the David Hill area. Specific systems identified include Septic Tank Effluent Gravity (STEG) and Septic Tank Effluent Pump (STEP). Currently, Clean Water Services Design and Construction Standards (Chapter 10 (§10.1)) allows for STEP systems when:

- *A public gravity sewer system is adjacent to the lot, and*
- *Gravity access to a public sewer line cannot reasonably be obtained, and*

- Clean Water Services determines that a public pump station serving multiple properties is not a more appropriate solution, and
- Only one house or building is connected to the STEP system and pressure line, and
- Unless approved by Clean Water Services, the public sewer line at the point of connection is a PVC material, and flows in the public line are such that hydrogen sulfide generation will not be a problem

Under Clean Water Services Standards, the STEP system operation, maintenance, electricity, replacement, and sludge removal costs are the responsibility of the property owner. The property owner is also responsible for the repair or replacement of the tank and connection if infiltration occurs.

If the Commission is interested in exploring the potential use of the systems in the Westside planning area beyond what Clean Water Services allows, the Commission could add a policy statement to the Westside Refinement Plan acknowledging these approaches and supporting further evaluation as part of the next update to the City's Wastewater System Master Plan. A possible policy to include in the Westside Plan is:

Policy 7.5.1: Through the next update of the City of Forest Grove Wastewater Management Plan evaluate the feasibility of implementing sanitary sewer systems such as Septic Tank Effluent Gravity (STEG) and Septic Tank Effluent Pump (STEP) in the Westside planning area.

Action 7.5.1: Initiate discussions with Clean Water Services to evaluate the feasibility of implementing sanitary sewer systems such as Septic Tank Effluent Gravity (STEG) and Septic Tank Effluent Pump (STEP) in the Westside planning area.

Water Infrastructure

The ability to provide municipal water above the 400 foot elevation within the urban growth boundary was topic of discussion during the May 30th public hearing. This issue was evaluated by the City's Engineering Division and project consultant. Additional information pertaining to providing water service for the upper elevations is provided below.

The Westside Refinement Plan identifies water projects and planning level cost estimates for serving development within the urban growth boundary. Some of these improvements will provide City-wide benefits for storage and fire suppression. There are a variety of needs beyond just providing water service above the 440 foot elevation. As described in the plan, there is a need for a new 2.25 Million gallon reservoir located near or adjacent to the existing 5.0 Million gallon reservoir at the water treatment plant. This reservoir will provide service to areas between 155 and 250 feet in elevation. Two 0.3 Million gallon reservoirs are identified near or adjacent to the existing 1.0 Million gallon David Hill reservoir. These reservoirs will be service to the area between 250 feet and 440 feet elevation. One 0.5 Million gallon reservoir located further up David Hill outside of the urban growth boundary is identified to serve the area between 440 feet and 615 in elevation. Based on the current Master Plan, when updated in 2018, alternative storage solutions will be considered perhaps eliminating some improvements and reducing costs.

Since a portion the area above the 440 feet elevation is within the current urban growth boundary the expectation is the City will provide services. Under the Urban Planning Area Agreement with Washington County the City is identified as the appropriate provider of local water, sanitary sewer, storm sewer and transportation facilities within the urban planning area. Therefore, the City has an obligation to plan for these infrastructure needs. The Westside Refinement Plan contains a strategy to meet this obligation.

In addition, the Urban Planning Area Agreement OAR 660-011 (Public Facilities Planning) requires a city or county develop a public facility plan for areas within the urban growth boundary. This plan is a supportive document to the Comprehensive Plan and must include rough cost estimates and short and long term facility needs. Since water is a public facility under OAR 660-011 the City has an obligation to plan for this need within all areas of the urban growth boundary. The Westside Refinement Plan helps to ensure this obligation is met.

System Development Charges

The Planning Commission requested information about how system development charges are created. This information is provided below.

Creation of system development charges is governed by state law. SDCs are one time fees on new development usually paid at time of building permit issuance. SDCs are intended to recover a fair share of capital improvements, including the cost of existing and planned facilities that provide capacity to serve future growth.

Oregon Revised Statutes (ORS 223.297 to 223.314) authorizes local governments to establish system development charges (SDCs) for specific types of capital improvements). These capital facilities include:

- *Water supply, treatment and distribution;*
- *Waste water collection, transmission, treatment and disposal;*
- *Drainage (storm water) and flood control;*
- *Transportation; and*
- *Parks and recreation.*

If the required public facilities are included as a qualified public improvement under ORS 223.309, the local government must adopt an ordinance or resolution that establishes or modifies the SDC. The ordinance or resolution must also provide for a credit against the SDC for the construction of a qualified public improvement.

Under ORS 223.309(1), prior to establishment of the SDC, a local government must prepare a capital improvement plan, public facilities plan, master plan or comparable plan that includes a list of the capital improvements that the local government intends to fund, in whole or in part, with revenues from an improvement fee and the estimated cost, timing and percentage of costs eligible to be funded with revenues from the SDC for each improvement. This is typically done as part of a facility master plan such as the City's Wastewater Master Plan.

Written Testimony from Richard and Doreen Stenson (44872 NW Plum Hill Lane)

Mr. and Mrs. Stenson submitted written testimony on June 1, 2017 (Attachment A), expressing objection to Plum Hill Lane being used as a collector street. As an alternative the Stenson's recommend placing a future east/west collector street approximately 300 feet south of Plum Hill Lane on the Nixon/Davis Property. Staff recommends adding the proposed alignment south of Plum Hill as an alternative on the Transportation System Plan (TSP) Proposed Roadway Map to evaluate further as part of the next update to the TSP. This will allow the City to begin discussions with Washington County about the proposed alignment. Coordination with Washington County is necessary since Thatcher Road is under Washington County jurisdiction. In addition, evaluating the alternative alignment as part of the TSP update provides the opportunity to consider impacts to the development potential of the Nixon/Davis property, costs, soil conditions, required grades and cut-and-fill and compliance with Development Code Article 8 requirements for separation of access points on arterial streets (Thatcher Road).

ATTACHMENT:

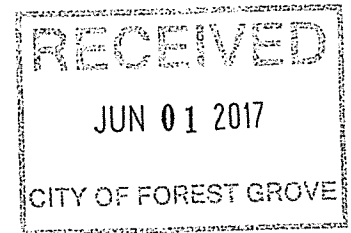
- A. Written Testimony from Richard and Doreen Stenson (44872 Plum Hill Lane)

Richard & Doreen Stenson

44872 NW Plum Hill Lane

Forest Grove, OR 97116

June 1, 2017



City of Forest Grove Planning Commission

Re: Westside Expansion

We were out-of-town and arrived home at 8pm on Tuesday, May 30th. When we arrived at the City Auditorium, at 8:15pm, the discussion on the Westside Expansion had been terminated and the Commission was meeting. We were told that testimony would be accepted through June 5th.

We object to Plum Hill Lane being used as a collector street for the following reasons:

1. The grade at the lower part of Plum Hill Lane is 17% and this has been a major problem with the road. It is foolish to use the average grade to justify using this road as the collector road and not address the problems of this steep grade. During some snow events, we have had to use the Burlingham/Nixon driveway on David Hill Road, and then drive across the field to get home. We were always in fear of sliding on to Thatcher and oncoming traffic that could not see us until we were almost in the road.
2. There is a natural spring under the lower part of the road, close to where it meets Thatcher Rd., and this year we had to put more rock on it because the water table was so high that the road was turning to mud at that lower section.
3. There have been two landslides on the Verboort property into the ditch on Thatcher Road this Winter/Spring.
4. Thatcher Road curves like an "S" with Plum Hill Lane at the center of the "S", so visibility of oncoming traffic from both the North and the South is severely limited. There is a hill blocking visibility from the North and trees blocking visibility to the South. The speed limit used to be 30mph, but the County raised the speed limit to 40mph approaching from both the north and the south. The speed limit lowers to 35mph at Plum Hill Lane going south. We have had incidents where we were almost rear-ended by vehicles traveling north at high speeds, not being able to see our car waiting to turn left onto Plum Hill Lane. One episode almost caused a head-on collision as the small truck traveling north moved into the south-bound lane to avoid hitting us. There were three cars going south and the first car had to drive onto Plum Hill Lane to avoid being hit head-on by the truck, which stopped just beyond Plum Hill Lane.

5. Plum Hill Lane was only meant to serve the three homes on the lane, so it ends at the driveway of our house. Further uphill is our upper garage, in the path of the proposed collector road.
6. All of the homes on Plum Hill Lane are on wells, and our well sits just to the south of the upper garage, and may be impacted by the creation of the collector road.

We would like to propose an alternative site for the collector road. It is the property directly to the south of the Plum Hill Lane properties, at 3073 Thatcher Road. This property was formerly owned by the Davis Family but has been owned by the Nixon Family for about the past 20 years and will be referred to in the future as the Nixon/Davis property. Contrary to the Planning Commission Staff response to the letter by Lyle Speisschaert dated May 15, 2017 requesting consideration of an alternate road site either north or south of Plum Hill Lane, this Nixon/Davis property has no impact on the vegetative corridor and stream, as shown on the map on page 5 of the Planning Commission Staff Report dated May 30, 2017. The staff response to Mr. Speisschaert's question said 'Moving the collector street to the south (of Plum Hill Lane) reduces the roadway grade from 12.7% (average grade) to 12.1% but the road would impact the vegetative corridor and stream.' This statement appears to be incorrect in regard to impact on the vegetative corridor and stream, since the map on page 5 of the May 30, 2017 staff report referred to previously shows this entire Nixon/Davis property to be free of streams, stream buffer of 200 feet, and any riparian wildlife habitat. Additional reasons to favor this property over Plum Hill Lane include:

1. The entrance to this property sits near the southern curve in Thatcher Road and is very visible when driving north on Thatcher Road before going into the curve, while Plum Hill Lane is not visible. This entrance is also very visible when driving south, after going around the curve, while Plum Hill Lane appears immediately after the curve. Therefore visibility is better at this site than the Plum Hill Lane site.
2. The elevation and grade of this property is less than the Plum Hill Lane road and properties.
3. We have not seen any slides onto Thatcher Road at this property.
4. There is no working well on this property.

Thank you for your consideration.


Richard V. Stenson


Doeen K. N. Stenson