



City of Tigard

Respect and Care | Do the Right Thing | Get it Done

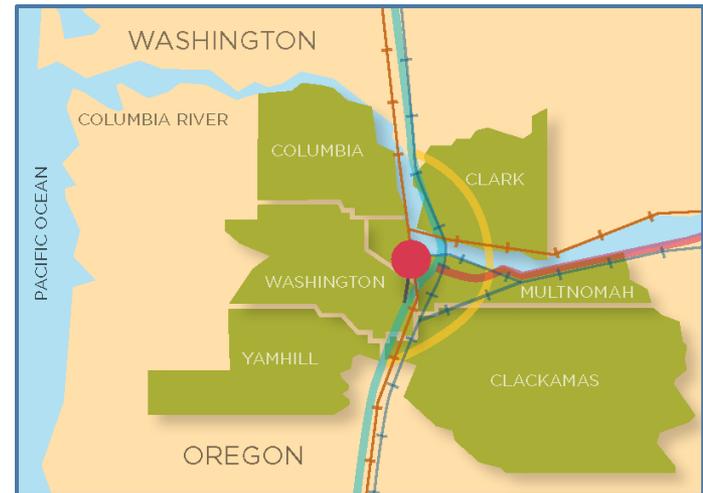
# Public Infrastructure Finance Strategy

*(How much is an education worth?)*



## Tigard, Oregon

- 50,444 residents (Census 2014)
- 26,000 in workforce (OED 2014)
- 41,000 jobs at 3,300 firms
- 2,000 acres of employment land (28% of City)
- 50 acres of undeveloped industrial property

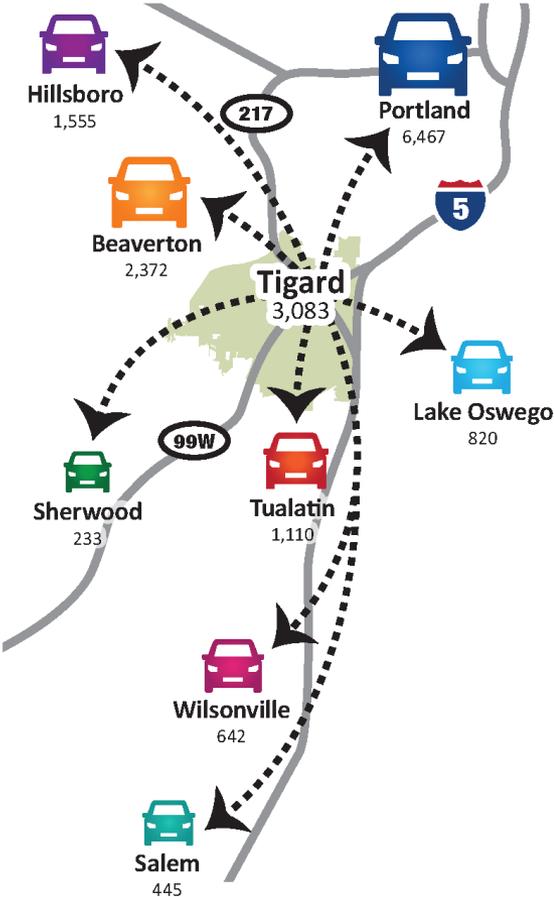


Tigard is centrally located in the region.

# Background and Context

City of Tigard

## Commuting to Neighboring Communities

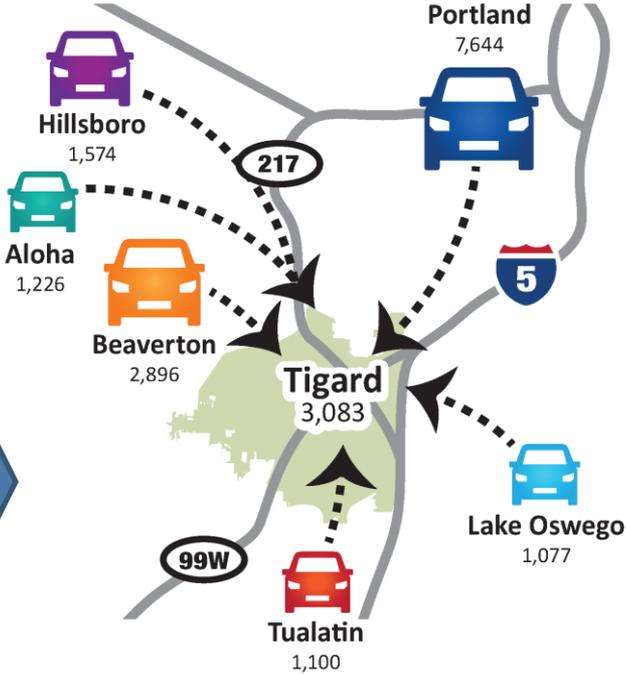


\* Data from US Census 2011.

87% of Tigard's workforce commutes to a job in a neighboring city.

92% of jobs in Tigard are filled by resident from neighboring cities.

## Commuters from Neighboring Communities



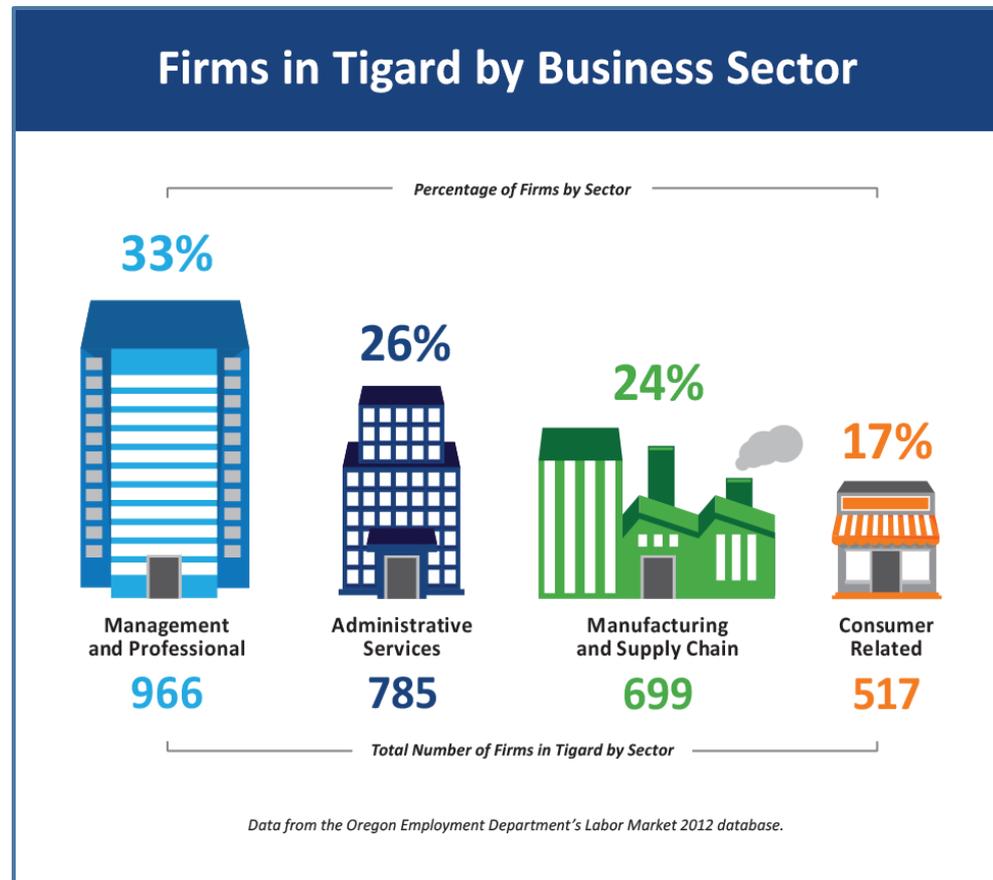
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# Background and Context

City of Tigard

Tigard's 2014 business license database includes more than **3,300 firms**.

The graphic to the right categorizes **2,964 employers** based upon OED data from 2012.



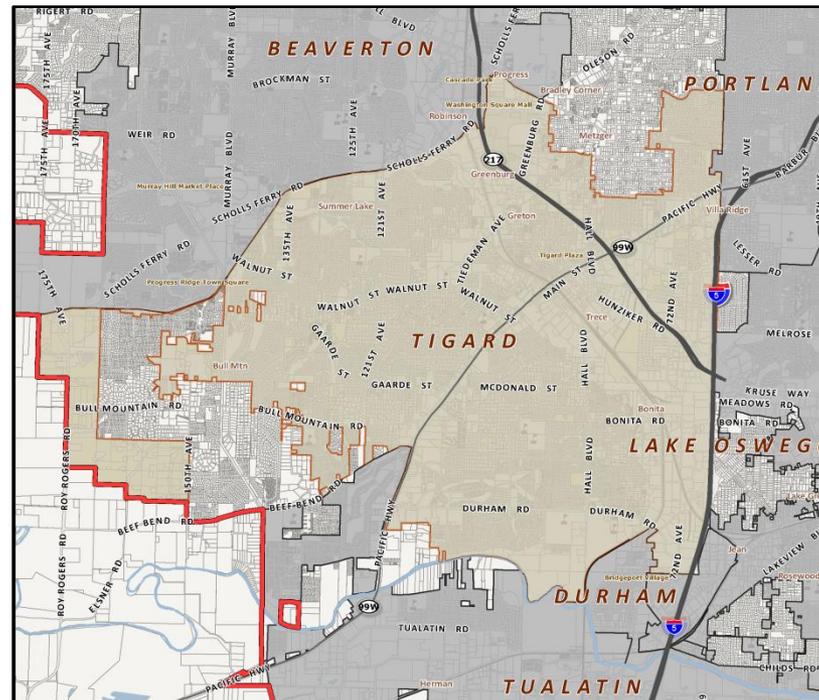
# Background and Context

City of Tigard

## Inner Ring Land Constrained

Tigard's central location in the region comes at a cost.

Like other inner-ring suburbs, the City is land constrained and must *use existing employment lands more efficiently.*



City of Tigard shaded in brown, neighboring cities in gray, unincorporated white and UGB is the red line.

## What does a land constrained city do with underperforming property?

- Change Zoning (Land Use)
- Invest in Public Infrastructure (Public Works)
- Create a Public/Private Partnership (Ec Dev)
- Clarify Process, Expectations & Intent (Ec Dev)
- Ask for help from DLCDD?

## DLCD Technical Assistance Funding for What?

Convene a public/private partnership to explore public infrastructure that induces private sector investment...

*...in a defined area.*

## DLCD Technical Assistance Funding for What?

### 3 “*Simple*” Steps

1. Build a Partnership
2. Technical Research
3. Make Decisions

# Public/Private Partnership

## **Step 1: Who needs to participate?**

- Property Owners
- Real Estate Brokers
- Developers
- City Staff (Engineering & Planning)
- *Each partner has different expectations, goals, and timelines.*

# Technical Analysis

## **Step 2: Scope Public Infrastructure**

- Defined a district/site
- Analyzed Need
- Proposed a range of Alignments
- Calculated Costs of Preferred Package
- Estimated Benefits

Have the difficult  
conversation... **who pays?**

**Step 3: Decision Making/Value Judgments**

- Does value to the public outweigh cost?
- Is a better solution created with public and private investment?
- How does public investment compare to private sector investment?

3 “simple” steps put  
to practice...

## Public/Private Partnership

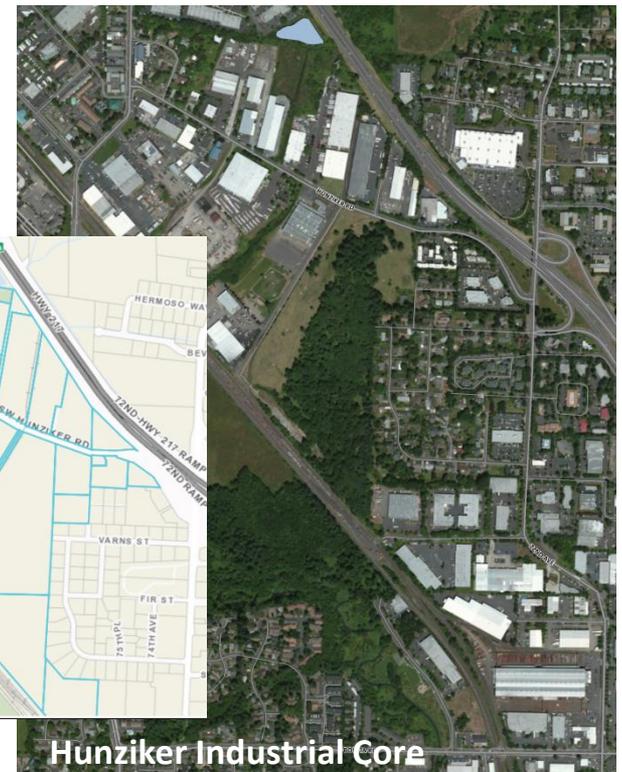
### **Step 1: Are the right partners involved?**

- Property Owner                      Fields Estate Trust
  - Real Estate Brokers                 Norris Beggs and Simpson
  - City Staff                                City of Tigard
  - *Developer*                              **TBD ! ?**
- 
- *This project began without a committed developer, and became a parallel process of developer recruitment.*

## Define: Site/District

Step 2: Investigating public infrastructure that acts as a catalyst for private investment.

### What scale of investigation?



# The Process Applied

City of Tigard

**Tigard's Hunziker Industrial Core** includes 138 acres of industrial zoned property.

96 acres are developed but underutilized.

42 acres are undeveloped but limited in their development potential.

Primarily a location for distribution, job yards and breaking bulk. Limited office and manufacturing.

Immediate access to Hwy 217.



# The Process Applied

City of Tigard

## Characterization of Properties and Uses

1. Vacant 18 Acre Wall Street Industrial Site.
2. Vacant 8 Acre Brownfield Site with NFA.
3. Storage and Distribution Sites.
4. Manufacturing Sites.

Properties in the Hunziker Industrial Core are primarily either vacant, or used for storage and distribution facilities.



*Photo from 2012.*

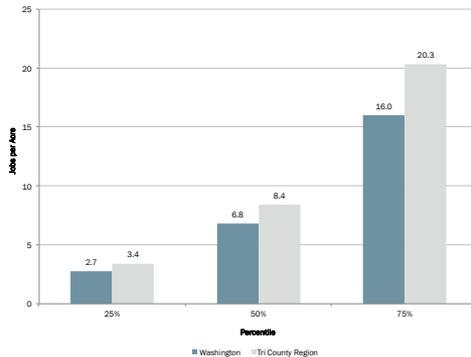


# The Process Applied

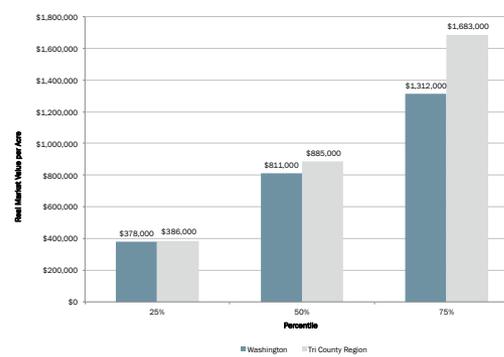
City of Tigard

## Estimate Public Benefits: Examples

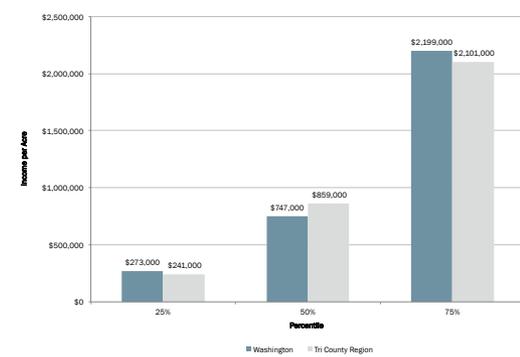
### Jobs per Acre



### Market Value per Acre



### Income per Acre



### Impact on Tax Base

	Industrial	Commercial	Multifamily	Total
Land Value	\$ 4,552,962	\$ 455,296	\$ 4,552,962	\$ 9,561,220
Improvement Value	\$ 17,055,000	\$ 5,889,600	\$ 44,410,680	\$ 67,355,280
Real Market Value	\$ 21,607,962	\$ 6,344,896	\$ 48,963,642	\$ 76,916,500
Change Property Ratio	0.736	0.736	0.625	
Assessed Value	\$ 15,903,460	\$ 4,669,843	\$ 30,602,276	\$ 51,175,579
Total Tax Rate	\$ 16.7390	\$ 16.7390	\$ 16.7390	\$ 16.7390
Total Annual Property Tax	\$ 266,208	\$ 78,169	\$ 512,251	\$ 856,628
City of Tigard Tax Rate	\$ 2.5131	\$ 2.5131	\$ 2.5131	\$ 2.5131
City of Tigard Annual Property Tax	\$ 39,967	\$ 11,736	\$ 76,907	\$ 128,609

### Construction Multiplier

	Direct	Secondary	Total
Output	\$75,404,074	\$64,868,558	\$140,272,632
Labor Income	\$26,814,099	\$24,334,412	\$51,148,512
Jobs	399	240	639

### Operations Multiplier

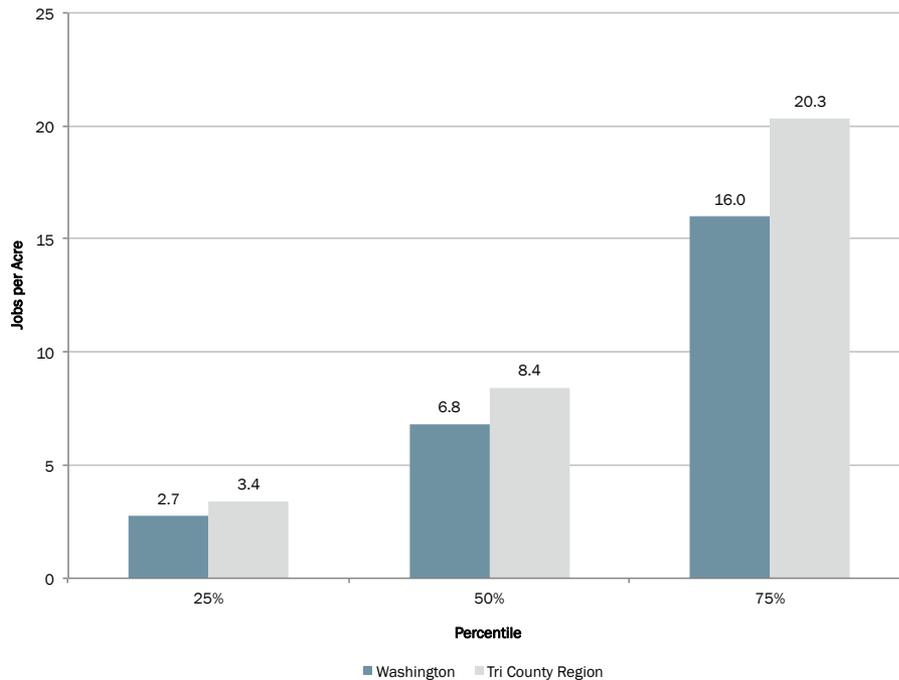
	Direct	Secondary	Total
Output	\$79,339,309	\$44,002,041	\$123,341,350
Labor Income	\$21,108,312	\$16,104,071	\$37,212,383
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**ECON**orthwest

ECONOMICS • FINANCE • PLANNING

## Public Benefit Benchmarks

### Typical Jobs per Acre

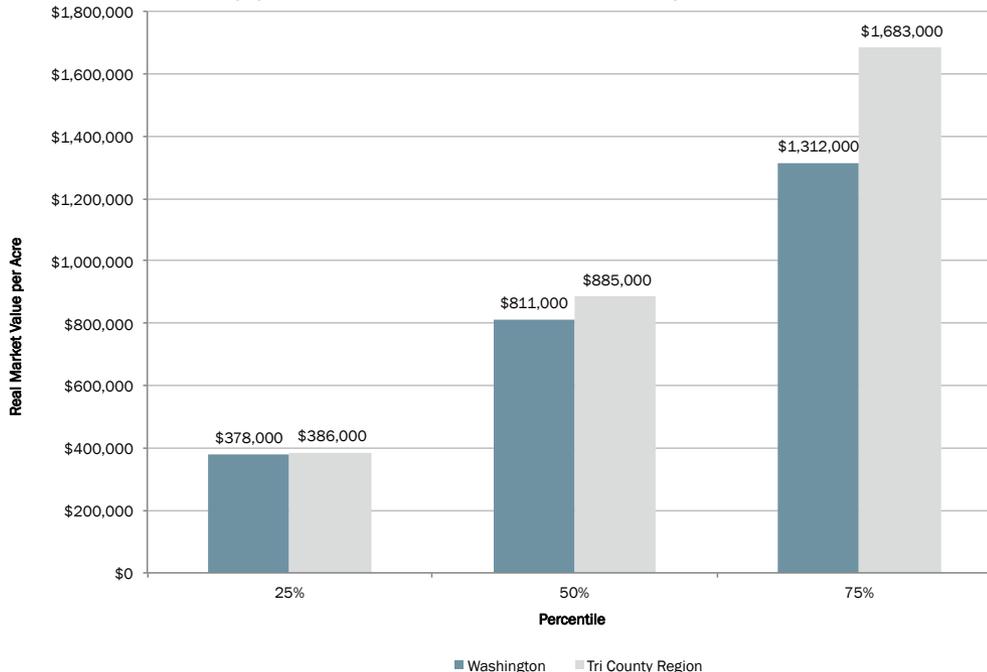


Employment density varies by industry across the Portland region. For industrial zoned property (ESRI/RLS 2012):

- Low Density < 3 jobs/acre
- Median Density 6-8 jobs/acre
- High Density > 16 jobs/acre

## Public Benefit Benchmarks

### Typical Market Value per Acre

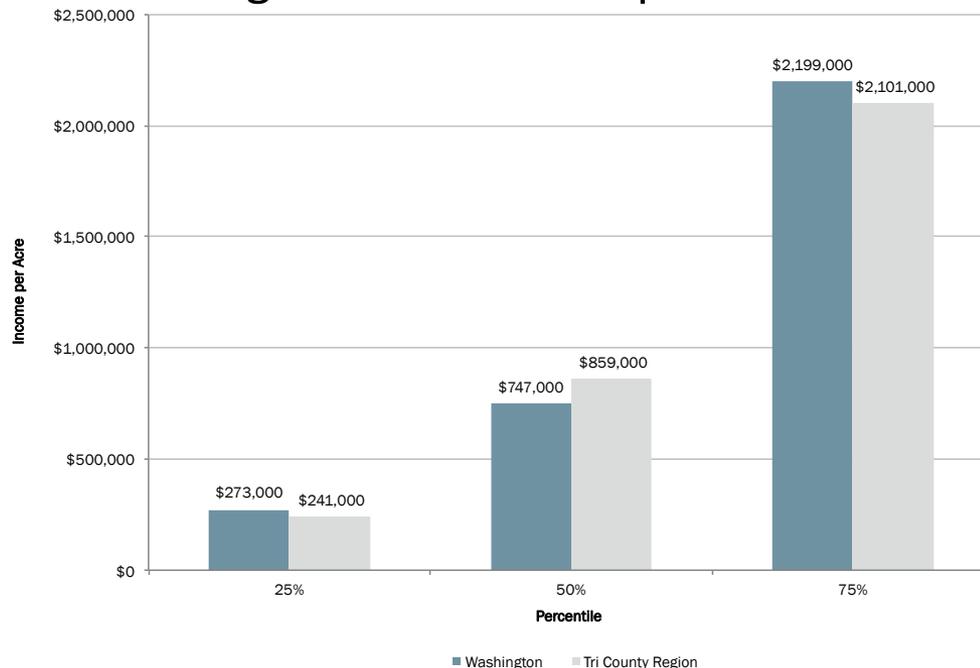


Real market value per acre is less variable than Employment Density. For industrial zoned property (metro RLIS 2013):

Low Value < \$386,000  
Median Value = \$811,000  
High Density > \$1,312,000

## Public Benefit Benchmarks

Avg. Annual Income per Acre



Employee compensation and owners compensation. For all firms in industrial zoned property (IMPLAN 2012):

- Low Value < \$273,000
- Median Value = \$747,000
- High Density > \$2,199,000

## Estimate Public Benefits

Calculating  
the economic  
impact of new  
development.

Impact on Tax Base	180,000SF	45,000SF	324,000SF	Total
	Industrial	Commercial	Multifamily	
Land Value	\$ 4,552,962	\$ 455,296	\$ 4,552,962	\$ 9,561,220
Improvement Value	\$ 17,055,000	\$ 5,889,600	\$ 44,410,680	\$ 67,355,280
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IMPLAN 2012

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Value to region in employment and value to other taxing authorities far outweighs value to municipal tax base for employment lands.

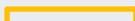
## Cost/Benefit Analysis

Infrastructure in Tigard's Hunziker Industrial Core unlocks development and redevelopment potential on different sites.

Infrastructure Impact Zones



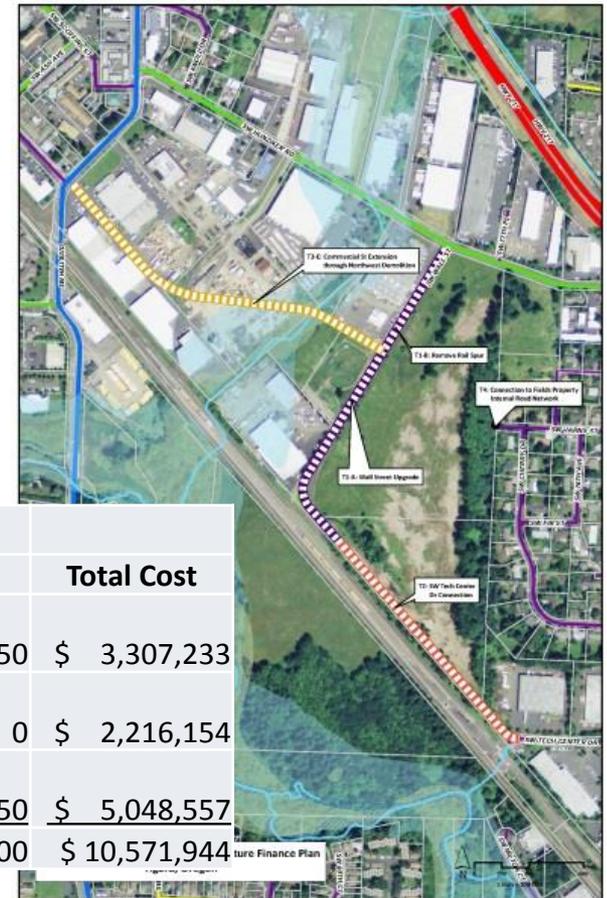
Benefits

Development Resulting from Infrastructure Investments in Hunziker Industrial Core	Private Investment	Public Infrastructure	Est. Jobs	New Gross Floor Area	Acreage Unlocked	Market Value	Annual Property Tax
Wall Street North 	\$22M	\$ 3,307,233	115	225000 SF	18	\$27 M	\$266,000
Wall Street South 	\$14M	\$ 2,216,154	88 - 208	150000 SF	13	\$25M	\$78,000
Wall to Hall 	\$28M	\$ 5,048,557	231 - 544	300000 Sf	34	\$28M	\$300,000

## Infrastructure Investment

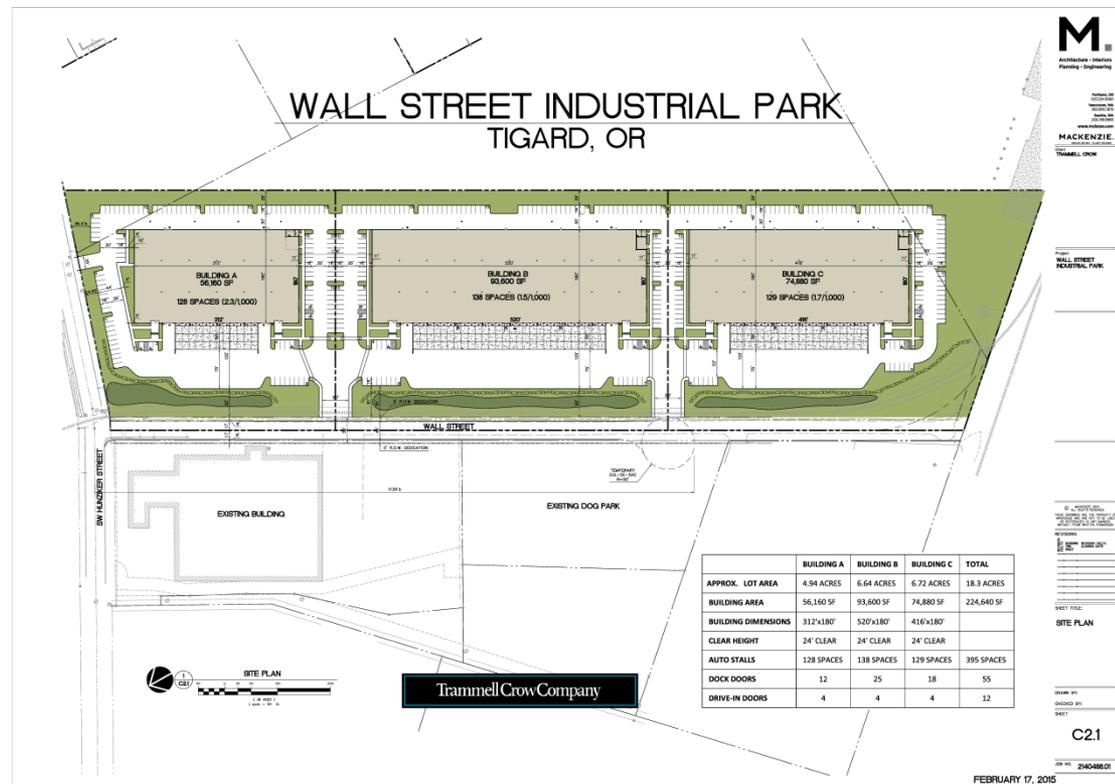
\$10.5 Million in infrastructure investments.  
**Who pays?**

Public Infrastructure Needed in Hunziker Industrial Core					
	Road	Water	Storm	Sewer	Total Cost
Wall Street North	\$ 2,161,108	\$ 393,600	\$ 460,575	\$ 291,950	\$ 3,307,233
Wall Street South	\$ 1,642,504	\$ 266,400	\$ 307,250	0	\$ 2,216,154
Wall to Hall	\$ 3,370,907	\$ 247,800	\$ 1,063,600	\$ 366,250	\$ 5,048,557
Infrastructure Totals	\$ 7,174,519	\$ 907,800	\$ 1,831,425	\$ 658,200	\$ 10,571,944



## Private Sector Investment

- 225,000 SF
- 18 Acres
- Multi Tenant Facility
- As many as 800 jobs
- More than \$22 Million in private investment
- Half street frontage improvement



# Value of a Public Infrastructure Finance Strategy

- Built a partnership of equals.
- Foundation for discussion.
- Defined expectations & responsibilities.
- Improved understanding of challenges and opportunities.



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# Public Infrastructure Finance Strategy

*(How much is an education worth?)*

