

**Development Concept Summary**

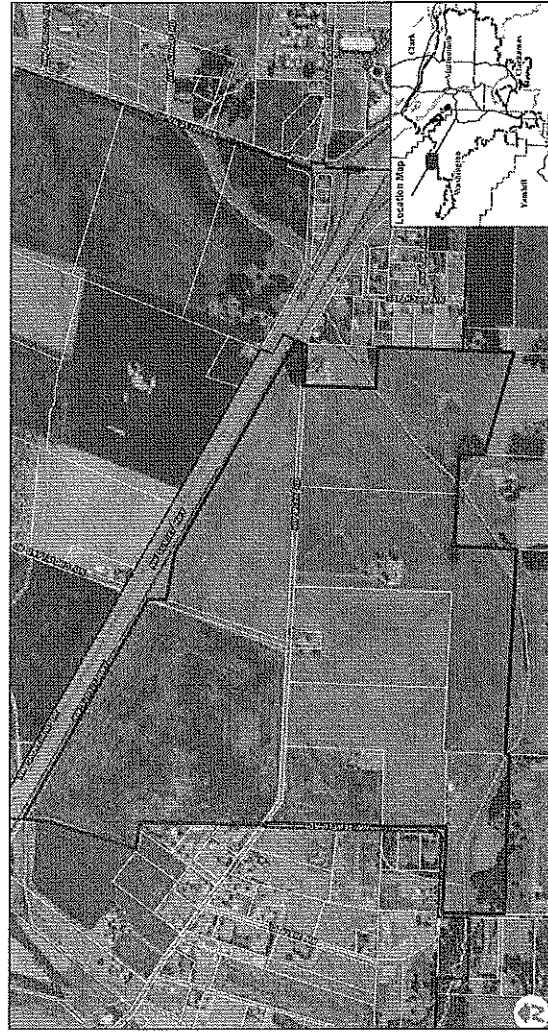
Site Use: Globally and regionally scaled clean technology	
Site Characteristics	
Site Size (Acres)	320
Net Developable Acreage	309.4
In UGB	Yes
Other Incentives	No
Enterprise Zone	No
Development Characteristics	
Site Development Period (In Months)	48 Months
Total All In Cost	\$108,214,769
Development Ready Value	\$79,765,995
Development Gap	
Market Viability Gap/Surplus	-\$28,448,774
Time To Market Feasibility	14.4 Years

Development Issues		See Page 3 for more detail
Environmental and Natural Resource Issues (On-site)	Infrastructure Issues (Off-site)	Land Use Issues
Brownfield Cleanup	Water	Aggregation
Wetland Fill	Sewer	Annexation
Floodplain Fill	Storm	Outside UGB
Slope Mitigation	Transportation	Marine Dock

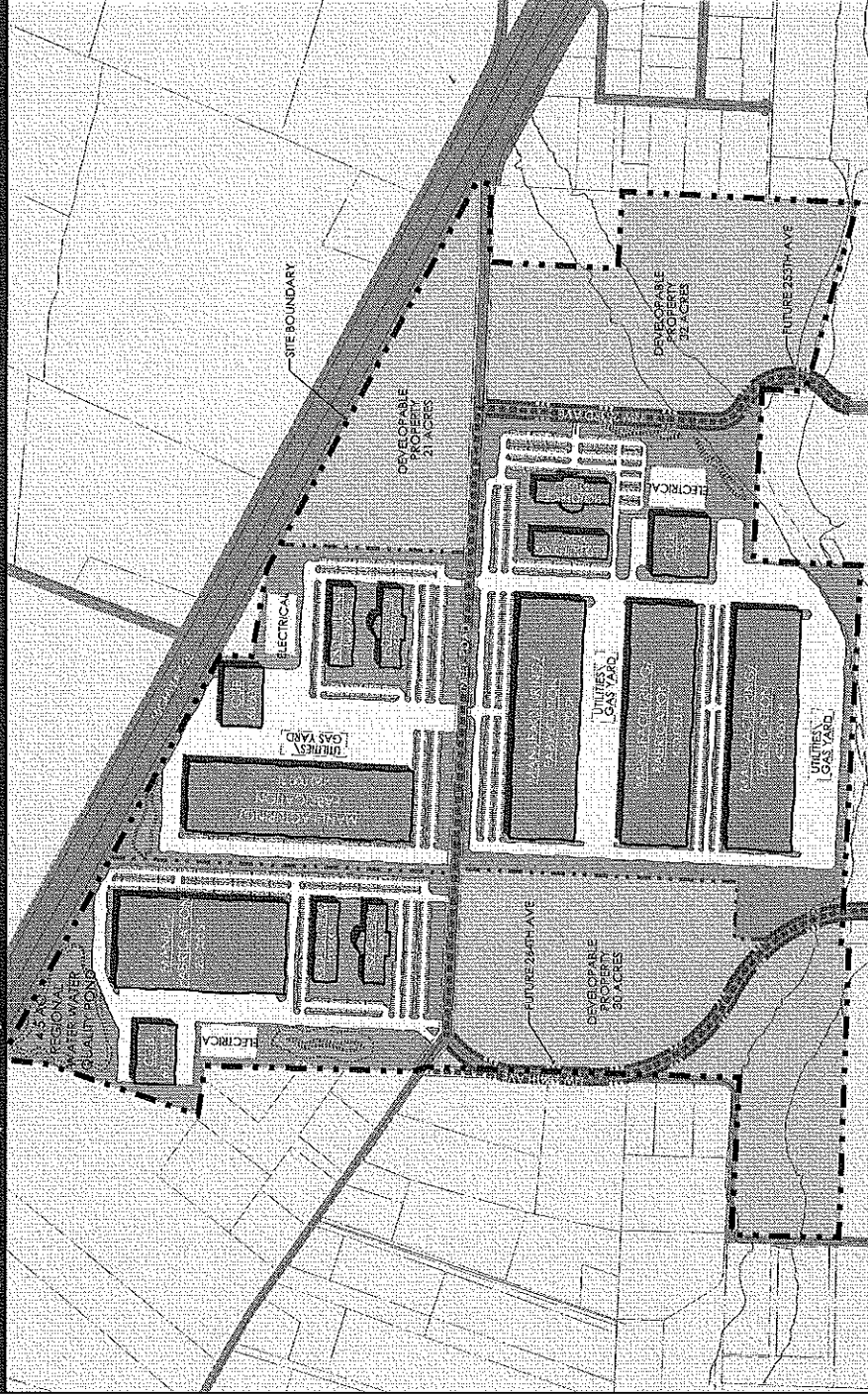
**Item 3**  
 Washington County  
 Hillsboro  
 Site Ownership (8)  
 Hillsboro Urban Reserves  
 Site ID 104

Development Economic Impacts				See Page 4 for more detail
Total Annual Construction Impacts		Total Annual Operations At Full Capacity		
Jobs	Economic Activity	Payroll	Jobs	Economic Activity
Direct	\$31,320,000	\$15,720,000	4,548	\$3,214,200,000
Indirect/Induced	\$23,280,000	\$ 7,560,000	28,030	\$4,226,300,000
<b>Total</b>	<b>\$54,600,000</b>	<b>\$23,280,000</b>	<b>32,579</b>	<b>\$7,440,500,000</b>

Development Annual Fiscal Impacts at Full Capacity		See Page 4 for more detail
Payroll Tax Revenue		Property Tax Revenue
Direct	\$41,400,000	\$9,200,000
Indirect/Induced	\$91,300,000	Not Available
<b>Total</b>	<b>\$132,700,000</b>	<b>\$9,200,000</b>



**Development Concept Plan Option 1**



Total Building Size	Projected Electrical Demand	Project Electrical Grade	Total Building Cost	Facility Construction Cost	Facility Construction Cost	Total
3,083,000 Sq. Ft	35 Mega Watts	3	\$279,075,000	Avg. sf = \$91	Hard Costs = \$279,075,000 Soft Costs = \$ 55,815,000	\$334,890,000

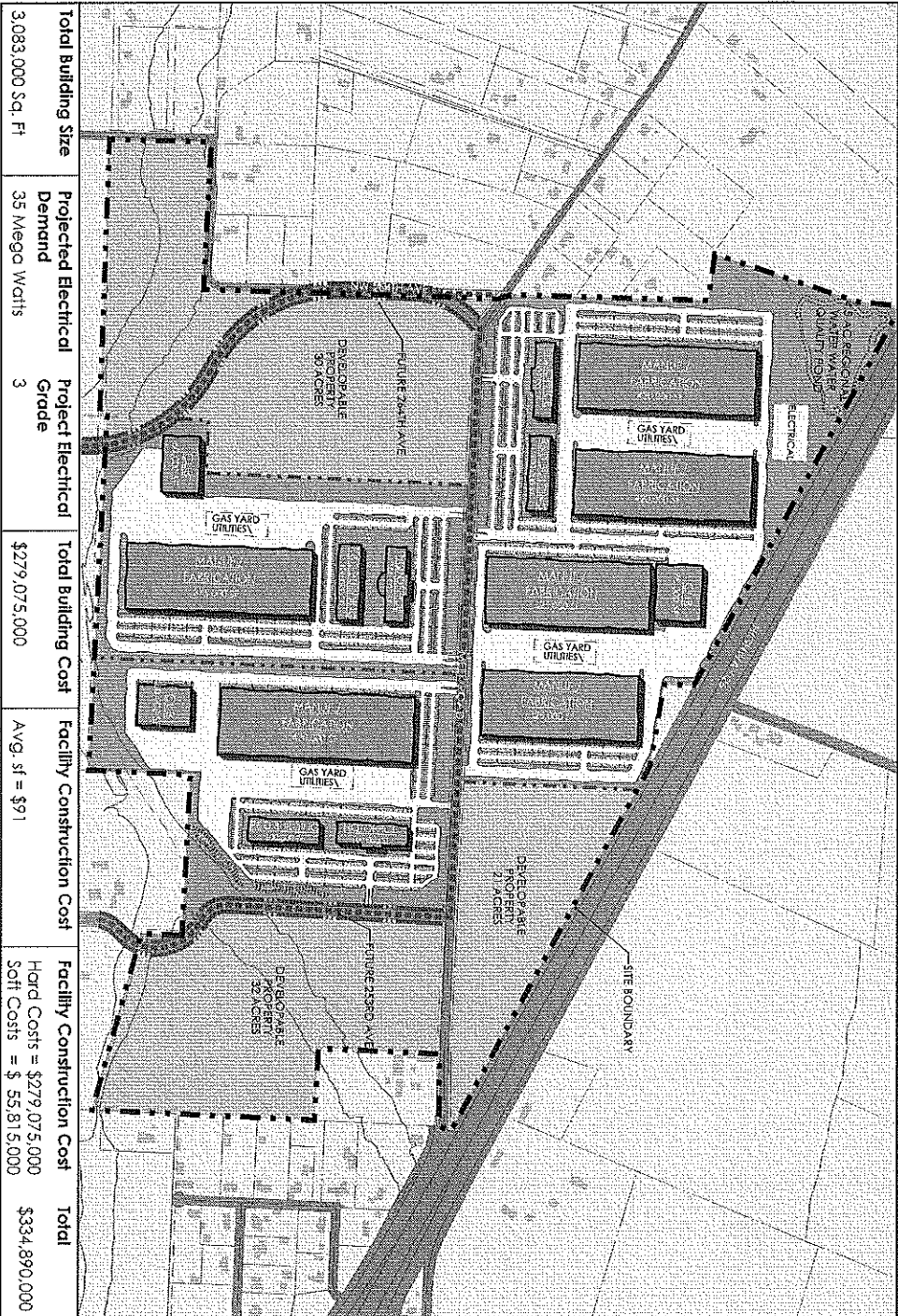
**Site Use**

2 regionally to nationally scaled clean-tech manufacturer;  
 1 regionally scaled clean-tech  
 Site plan includes 3 users on 200 of 320 acres and leaves approximately 85 net developable acres for development;  
 1 user is a globally scaled campus on 100 acre site similar to Solar World; 2 users are regionally/nationally scaled clean tech/high tech manufacturers, one each on two 50 acre sites, similar use to Novellus Systems

**Description of Development Concept Site Use**

Development Concept Costs	
<b>Off-Site Costs and Construction Terms</b>	
Water: Start Period (months back): Term:	\$4,077,000 24 24
Sewer: Start Period (months back): Term:	\$4,940,000 24 24
Stormwater: Start Period (months Back): Term:	\$8,687,500 24 24
Transportation: Start Period (months back): Term:	\$12,310,000 24 24
Off-Site Total Costs	\$30,014,500
<b>On-Site Costs and Mitigation Terms</b>	
Wetland Mitigation: Start Period (months back): Term:	To be determined
Slope Mitigation: Start Period (months back): Term:	\$0
Building Pad Surcharge: Start Period (months Back): Term:	\$0
Floodplain Cut/Fill Mitigation: Start Period (months back): Term:	\$0
Environmental Cleanup: Start Period (months back): Term:	\$82,500 48 6
On-Site Total Costs	\$82,500
<b>Total Costs</b>	<b>\$30,077,000</b>

**Development Concept Plan Option 2**



<b>Total Building Size</b>	<b>Projected Electrical Demand</b>	<b>Project Electrical Grade</b>	<b>Total Building Cost</b>	<b>Facility Construction Cost</b>	<b>Facility Construction Cost</b>	<b>Total</b>
3,083,000 Sq. Ft	35 Mega Watts	3	\$279,075,000	Avg. sf = \$91	Hard Costs = \$279,075,000 Soft Costs = \$ 55,815,000	\$334,890,000

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On-Site Total Costs	\$82,500
<b>Total Costs</b>	<b>\$30,097,000</b>

## Development Issues

### Environmental (On-site Development) : Total Cost \$82,500

- The property was used for agriculture purposes between at least 1936 and present. Residual pesticides may be present in soil. Residential/farm ASTs and/or USTs, used for storing gasoline, diesel, or heating oil, may be present at the site. Investigation of the magnitude and extent of pesticide and petroleum impacts, if any, may be necessary prior to site development. If ASTs/USTs are present, they should be decommissioned and remediated (if releases have occurred) prior to development. This will take less than 6 months and cost \$82,500.

### Land Use (Aggregation, Annexation)

- The site is made up of 10 separate parcels and 8 separate ownerships. Parcel aggregation is necessary in order to deliver the site as shown.
- The 8 property owners have entered into an agreement to consolidate their properties, jointly list and market their properties, and be represented by a single point of contact in order to supply parcels of 50 acres or more to meet the needs of buyers of large-lot industrial land. This agreement will be recorded and run with the land for a five-year commitment.
- Metro added the property into the UGB in October 2011, but is located outside of the Hillsboro City Limits and will require annexation. The Metro UGB decision is considered a "final land use decision" unless set aside by LCDC or the Court.
- Prior to annexation, a concept planning process and adoption of a local wetland inventory will need to occur. The annexation process will then bring this site into the City and the recently adopted new Industrial Sanctuary (IS) zone and North Hillsboro Industrial Area Community Plan will apply. The total timeline for this process is anticipated to be 6 months.

### Transportation (Off-Site Development) : Total Cost \$12,310,000

- The site has direct access to NW Meek Road which will require improvement to urban standards.
- If should be noted any future roadway alignments are not specifically defined or programmed in the City of Hillsboro Transportation System Plan (TSP). Rather, the roadway alignments have been identified via recent long-term transportation infrastructure planning efforts occurring in the immediate area.
- Discussions with City staff have further clarified the transportation infrastructure improvements necessary to serve immediate subject property development including:
  - Construct full-width street improvements on 264th from Meek to south property line, \$2,52M.
  - Improve/reconstruct Meek from east property edge to 264th Avenue, \$6.9M.
  - Construct shoulder improvements on Meek from 264th to Jackson School Road, \$250,000.
  - Construct 264th / Sewall Road intersection improvements and connection, \$300,000.
- The assumption is that 253rd and 264th will be constructed separately from Evergreen Road to the south property lines.
- Long-term plans also contemplate realigning Meek to intersect with Brookwood north of OR26. This realignment will require a grade separated over crossing and is believed necessary to accommodate future year traffic volumes. This improvement is not assumed to be necessary to serve the site.

### Utility Infrastructure (Off-Site Development) : Total Cost \$17,704,500

- Public Water: Extend 18" distribution lines north along both 253rd and 264th Avenues, and an 18" line along Meek Road, creating a looped system connecting to the 18" line in Evergreen Road. Total pipe footage: approximately 15,100 ft. Anticipate 12 months design and permitting, and 24 months construction, with a cost of approximately \$4,077,000.
- Public Sewer: Extend gravity lines along 253rd (15" pipe), Meek Road (18" pipe), and 264th (18" pipe). Requires construction of a new 3.0-MGD pump station at Huffman/264th, with approximately 5,200 feet of force main running east along Huffman to an existing Clean Water Services trunk line. Anticipate 12 months for design and permitting, and 24 months for construction, with a cost of approximately \$4,940,000.
- Public Storm: Construct lines along 253rd (24" pipe), 264th (24"-30" pipe) and Meek Rd (24" pipe). Assumed approximately 48 ac-ft of storm detention required, distributed across 4 ponds. Anticipate 12 months for design and permitting, and 24 months for construction, with a cost of approximately \$8,687,500.

### Natural Resources (On-Site Development) : Total Cost and Timeline To Be Determined

- The site contains areas of mapped hydric soils that could contain wetland areas. However, no delineation or other mapped wetland resources are available to confirm existence and location. As such a delineation needs to be complete in order to determine potential wetland areas and necessary impacts, mitigation, and costs. Should wetland mitigation be necessary, Corps/DSL permits will be required and are estimated to be 270 days. This site is currently served by the Tualatin Valley Mitigation Bank, and impacted wetlands are able to be mitigated through a payment of \$150,000/acre.
- No estimate of wetland mitigation costs was made for this site due to lack of reliable wetland information. The expectation is that some costs will be incurred for mitigation.
- Pending on the outcome of a Local Wetland Inventory, there may also be necessary approvals and permits required by CWS and the City of Hillsboro. These permits could run concurrent with necessary Corps/DSL permits.

## Site Development Process Timeline



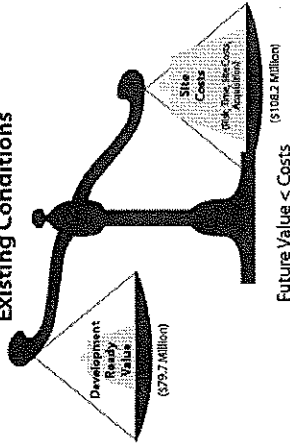
### Timeline Notes :

- Aggregation: As the property owners are willing to transact together, the aggregation period is assumed to be between 6 months and 2.5 years, at the calculation of 3 months per property owner.
- Land Use: Concept planning process may be required prior to annexation. This process is estimated to occur in 6 months.
- Off Site Improvements: Permits are submitted after site is annexed into the City.
- Natural Resources: If wetland mitigation is necessary on site, allow 9 months for permitting plus 18 months (or less) for on-site wetland fill. Wetland permit timeframe includes local land use approval.

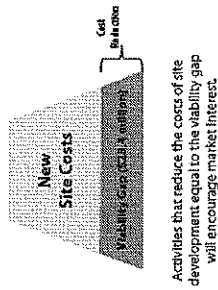
### Figure 1: Market Viability Gap Analysis

- Costs of acquiring and making the Hillsboro Urban Reserves site development ready exceeds the expected development ready value of the site. The site has a Market Viability Gap of \$28.4 million. A rational market participant is not likely to invest in site improvements under these conditions.
  - A significant contributor to the gap is transportation and other public utilities. Activities that reduce or eliminate the Market Viability Gap increase the likelihood of market interest in the site. When value equals costs investment in site improvements is seen as viable from a market perspective<sup>1</sup>.
- 1. This exercise assumes conditions where acquisition costs are minimal and there is a reasonable expectation that a motivated user will emerge.*

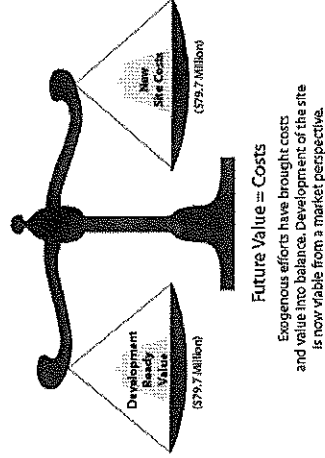
#### Existing Conditions



#### Gap Analysis

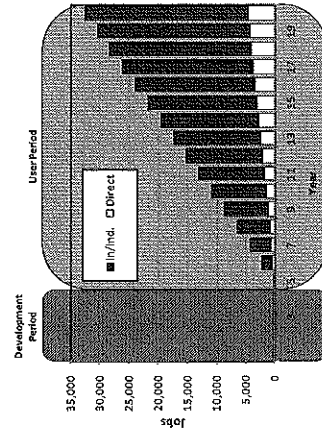


#### Potential Conditions



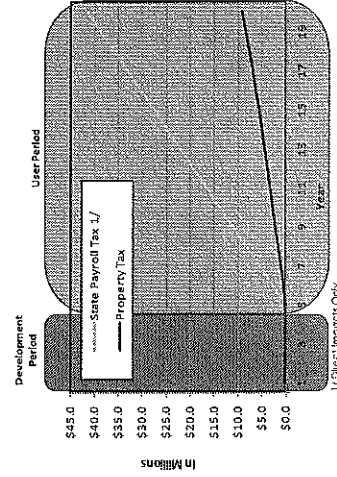
### Figure 2: Development Economic Impacts

- When fully developed, a clean-tech campus on this site would employ over 4,500 workers on-site. Indirect and induced impacts would support and additional 28,000 jobs elsewhere in the economy.
  - New direct job creation on-site would eventually generate an additional \$61.6 million in annual payroll. Indirect and induced payroll impacts would create an additional \$1.3 billion in annual payroll.
  - Build-out of the Urban Reserves site would support a total of 32,500 jobs at an average wage of roughly \$61,000, 21% above the regional average wage<sup>2</sup>.
- 2. Regional Average: \$50,332 (Clatsop, Multnomah, and Washington County) (p. 261) (data) SOURCE: Oregon Employment Department 2011 OCEW.*



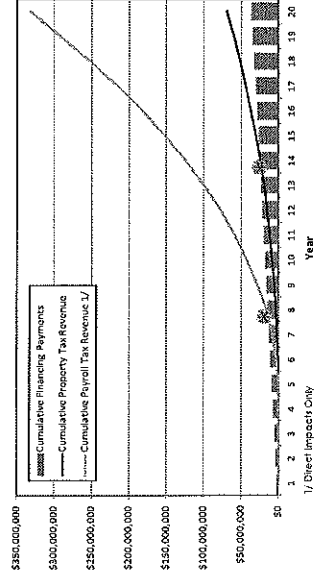
### Figure 3: Development Fiscal Impacts

- This site is not currently in an enterprise zone. Therefore, property tax impacts would begin immediately on construction. Property tax revenues, excluding capital equipment, would reach over \$9 million annually at full build-out.
- State payroll tax revenues from on-site (direct) employment would reach \$41 million annually at full-capacity. Indirect and induced impacts would further generate \$91 million annually to the state.



### Figure 4: Financing Return

- Figure 4 considers the return on investment of the dollar amount necessary to eliminate the Market Viability Gap, financed at 5% over a 20-year period.
- Cumulative building only property tax revenues would equal financed viability gap in the 14th year. This translates into positive stakeholder pay-off of \$32.7 million over the remainder of the finance period and \$9 million in annual net-new revenue thereafter. If property taxes paid on capital equipment was included in this analysis the time period would be shorter.
- Similarly, payroll tax revenues would break even with financed viability gap in only the 8th year. This translates into positive stakeholder pay-off of \$29.5 million over the remainder of the finance period and \$41 million in annual net-new revenue thereafter.



## SB 246A- Average Wage Requirements

Using 4th quarter 2011 average weekly wage data<sup>1</sup>



The Industrial Lands bill requires diversion of income taxes when a traded sector business on an approved Industrial site *"Has hired one or more full-time employees who are residents of this state and whose compensation averages at least the county or state average in annual per employee compensation, whichever is less."*<sup>2</sup>

The most recent annual average compensation data shows the Oregon variations:

State	\$44,200
Washington County	\$56,420
Jackson County	\$35,828

The bill requires only an average salary of \$44,200 in Washington County.

This standard is not what was in the PowerPoint presentation used to justify diversion of 50% of the states' revenue in this slide used on Monday.

Potential Benefits Total Site Preparation Market Viability Gap (10 out of 12 sites)	\$192 million
Total Direct Jobs	12,500
<b>Average Annual Wage Level</b>	<b>\$97,000</b>
Total Property Tax over 20 years	\$217 Million
Total State Personal Income Tax over 20 years (direct jobs only)	\$764 Million
Total State Personal Income Tax over 20 years (direct and indirect)	\$2.3 Billion

If EVERY new job at these sites were traded sector that would increase the average county compensation by \$14,600, according to the backup documents referenced in the Value of Jobs Coalition study. Thus, in the metro area they would likely average \$71,000 not \$97,000. Are the estimates for the state's PIT at \$764 million then overstated?

Similarly, you were told that the property taxes revenue assumed property tax reductions, but by how much are the property taxes understated?

<sup>1</sup> <http://www.bls.gov/ro9/qcewor.htm#table2>

<sup>2</sup> SECTION 2, (2)(b)