



A GREAT PLACE FOR ALL KIDS

Sherwood School District 88J  
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October 13, 2014

Julia Hajduk  
Community Development Director  
City of Sherwood  
22560 SW Pine Street  
Sherwood, OR 97140

*Via: E-mail and Hand Delivery*

*Re: Application to Extend Area 59 Reimbursement District  
Sherwood Municipal Code Section 13.24*

Dear Ms. Hajduk:

On March 4, 2008, the Sherwood City Council (Council) passed resolution 2008-011 establishing the Area 59 Reimbursement District. The Area 59 Reimbursement District was established as a result of the Sherwood School District (School District) constructing the Edy Ridge Elementary School and the Laurel Ridge Middle School, and included construction of public water, sanitary sewer, and stormwater infrastructure, as well as a public street. All of this public infrastructure serves property owned by others within the general area of the two schools, and was infrastructure that the owners or developers of the benefitted properties would have had to build had Sherwood School District not done so.

The District's right to seek reimbursement ends ten (10) years from the effective date of this resolution, or March 3, 2018.

On June 3, 2014, the Council adopted ordinance 2014-011. This ordinance allows Council to consider a request to extend a reimbursement district up to five (5) additional years. There are two criteria that must be met in order to grant an extension:

1. Demonstration of good cause for the extension
2. Value of the improvements to the subject properties remains sufficient to warrant reimbursement.

Sherwood School District is applying to extend the reimbursement district 5 additional years. We present the following information supporting our request:

1. *Demonstration of good cause for the extension*

The Great Recession effectively halted development within the City of Sherwood. The attached chart shows residential construction permits for the City's fiscal years ended June 30,

2001 through 2013. Our reimbursement district was established in fiscal year 2008. For the five fiscal years preceding 2008, 1,498 construction permits were issued; an average of just under 300 per year. For the five fiscal years after 2008, total construction permits issued were 329, or an annual average of approximately 66. Residential construction permits for the 5 years subsequent to 2008 were 22% of permits issued for the 5 years preceding 2008.

The 78% reduction in residential building permits is demonstration of good cause for extension, as to-date, Sherwood School District has only recovered \$199,649 or 12 percent of the investment that it made into this public infrastructure. It is important to note that the remainder of the reimbursement district fees to be collected is not a lien on the properties. The fees attributed to any of the benefitted properties only become due and payable when the properties are developed, if they ever are within the life of the reimbursement district. So, for example, a sale of a benefitted property would not trigger payment of the reimbursement district fees.

Funding for the infrastructure was provided to the District by voter-approved bonds. Bond council has advised that the use of reimbursement fees must be consistent with the use of the original bond proceeds. Allowing the extension of the reimbursement district, may provide an opportunity to address capital needs within the District.

2. *Value of improvements to the subject properties remains sufficient to warrant reimbursement.*

Harper Houf Peterson Righellis, Inc. (HHPR) were engaged to determine whether the value of the improvements remains sufficient to warrant reimbursement. A copy of their report is attached.

HHPR reviewed the current City planning documents to ensure that the public improvements included in the reimbursement district are still valid requirements and represent what a developer would be required to construct as part of a current development application. For each element of infrastructure, street, sanitary, storm, and water, HHPR found the element is consistent with the appropriate City plan.

HHPR also reviewed the current Sherwood City Engineering Design and Standard Details Manual and Clean Water Services Design and Construction Standards to ensure that the improvements included in the reimbursement district are still valid requirements and represent what a developer would be required to construct as part of a current development application. For each element of infrastructure, street, sanitary, storm, and water, HHPR found the element is consistent with these standards.

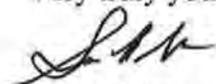
HHPR also conducted a site visit to visually review the improvements that are available by surface inspection. Based on this site visit, the infrastructure is operating as intended and with standard regular maintenance has remaining useful life for future development.

HHPR did the work documenting values in the original application or establishment of our reimbursement district. Their conclusion that the value of improvements to the subject properties remains sufficient to warrant reimbursement satisfies the second criteria for extension.

We request a public hearing on our application for extension on Tuesday, November 18, 2014.

Sherwood School District acknowledges there was opposition to the imposition of the fees on certain properties within the reimbursement district. The owners of the property that benefits the most from Sherwood School District's investment attended and participated in the public hearing in March 2008 at which the reimbursement district was established. Those owners then appealed the approval of the reimbursement district by writ of review to the Washington County Circuit Court. Among other things, the owners argued that the methodology of the reimbursement district was flawed in a number of respects, and that certain improvements did not have the capacity to serve their property. After a lengthy hearing, the Circuit Court denied the writ and upheld the City's decision. The owners then appealed that decision to the Oregon Court of Appeals, which affirmed the Circuit Court's decision. The owners then appealed that decision to the Oregon Supreme Court, which declined to hear the appeal. There are many issues, then, that have already been considered and fully adjudicated with respect to the reimbursement district, and so are they not relevant to this extension request. There are only two criteria that are relevant, and we believe we have provided substantial evidence to the City to find that both of those approval criteria have been met. Therefore, Sherwood School District respectfully requests that the City approve this extension.

Very truly yours,

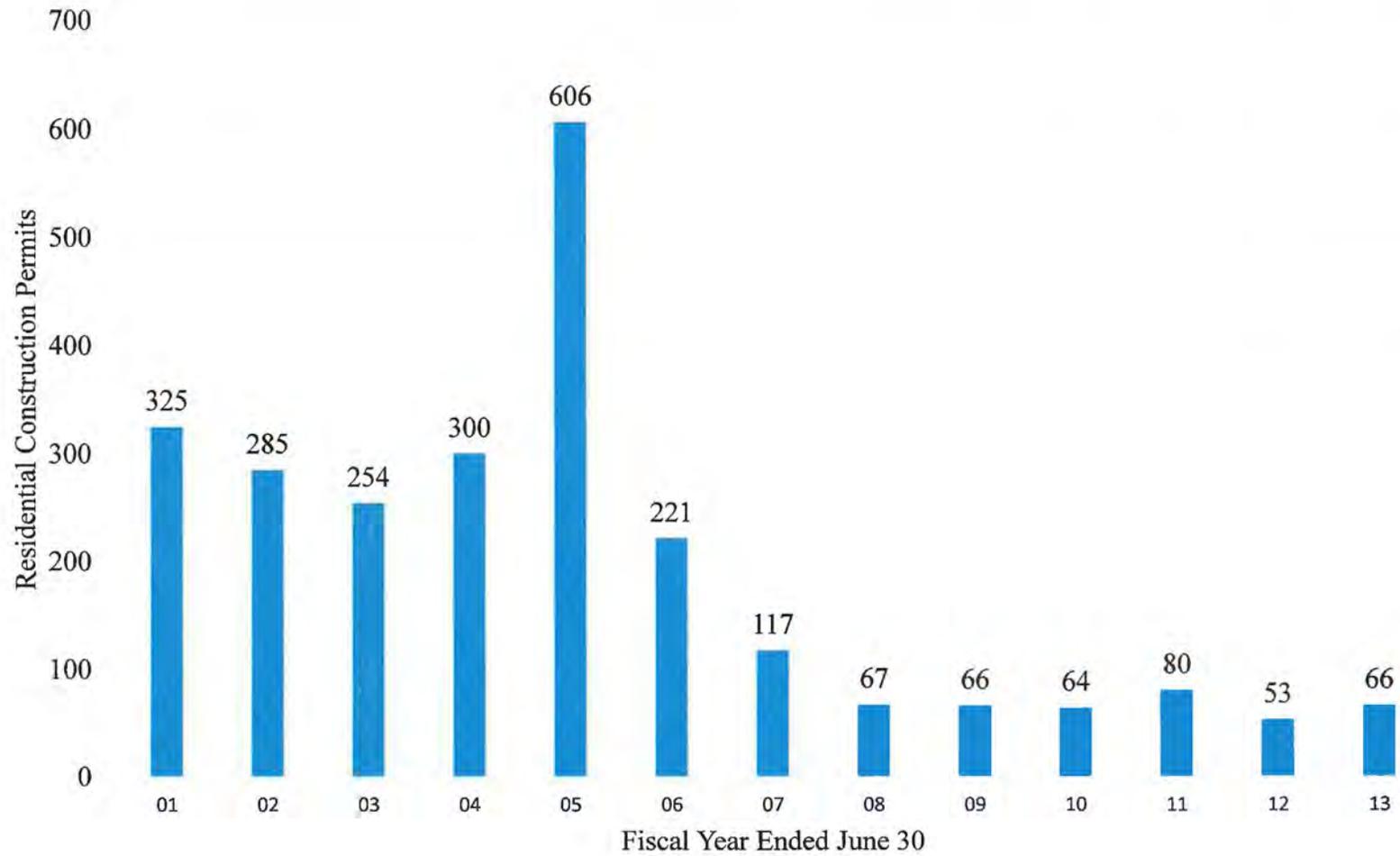


Sue Hekker  
Chair, Board of Directors

#### Attachments

Cc: Joseph Gall, City Manager, City of Sherwood  
The Honorable Bill Middleton, Mayor, City of Sherwood  
The Honorable Linda Henderson, Council President, City of Sherwood  
The Honorable Matt Langer, Councilor, City of Sherwood  
The Honorable Dave Grant, Councilor, City of Sherwood  
The Honorable Bill Butterfield, Councilor, City of Sherwood  
The Honorable Krisanna Clark, Councilor, City of Sherwood  
The Honorable Robyn Folsom, Councilor, City of Sherwood

**City of Sherwood  
Residential Construction Permits  
Fiscal Years Ended June 30  
2001 through 2013**



Job No.: SHD-23

Date: October 10, 2014

To: Phil Johanson – Sherwood School District

From: Ben Austin, P.E.  
Kim Shera, P.E.



Harper  
Houf Peterson  
Righellis Inc.

ENGINEERS • PLANNERS  
LANDSCAPE ARCHITECTS • SURVEYORS

**Project/Subject: Area 59 Reimbursement District Time Extension**

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Fax - Number: \_\_\_\_\_; Number of pages \_\_\_\_\_  
*(If you did not receive the correct number of pages, please call 503-221-1131)*

E-mail       Mail       Hand Deliver       Interoffice

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The intent of this memorandum is to document the ongoing validity of the Area 59 Reimbursement District (Sherwood Resolution 2008-011) as it relates to the remaining useful life of the public improvements and continuing benefit to subject properties. Based on our review of the improvements it is our opinion that the improvements have remaining useful life and are a continuing benefit to future development of the subject properties.

**Consistency with Current City Plans**

HHPR reviewed current City planning documents to ensure that the public improvements included in the reimbursement district are still valid requirements and represent what a developer would be required to construct as part of a current development application.

Street

The City document that governs streets is the Transportation System Plan. The current Transportation System Plan was adopted June 17, 2014. This document has been updated since the March 2008 adoption of the reimbursement district. Copper Terrace is consistent with the Neighborhood Route classification included in the reimbursement district.

Sanitary

The City document that governs sanitary sewer is the Sanitary Sewer Master Plan. The current Sanitary Sewer Master Plan was adopted July 2007. This document was completed prior to the adoption of the reimbursement district. The reimbursement district included the construction costs associated with a 15" sanitary sewer main and the size and location of the sewer is consistent with the plan.

Storm

The City document that governs storm sewer and stormwater management is the Stormwater Master Plan. The current Stormwater Master Plan was adopted July 2007. This document was completed prior to the adoption of the reimbursement district. The reimbursement district

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included the construction cost of a regional stormwater facility which is consistent with the plan.

#### Water

The City document that governs water is the Water System Master Plan. The current Water System Master Plan was adopted August 2005. This document was completed prior to the adoption of the reimbursement district. The reimbursement district included the construction costs of a 16" water main in Copper Terrace, an 8" watermain in Nursery Way and a 12" watermain in Edy Road which is consistent with the plan.

#### **Consistency with Current City Standards**

HHPR reviewed the current Sherwood City Engineering Design and Standard Details Manual and Clean Water Services Design and Construction Standards to ensure that the improvements included in the reimbursement district are still valid requirements and represent what a developer would be required to construct as part of a current development application. The current version of the City Engineering and Design and Standard Detail Manual was adopted in April 2010. The current version of the Clean Water Services Design and Construction Standards was adopted in April 2007.

#### Street

The design manual has been updated since the adoption of the reimbursement district. However, we reviewed the current manual for consistency in roadway cross section and pavement section. The street section for Copper Terrace meets the current minimum standard section for a neighborhood route and meets the current minimum standard pavement section.

#### Sanitary

The City Engineering Design and Standard Drawings Manual has not had significant revisions that would trigger development conditions of approval that would require modifications to the system to comply with current standards. The Clean Water Services Design and Construction Standards have not been updated since the adoption of the reimbursement district and the sanitary sewer system is consistent with these standards.

#### Storm

The design manual has not had significant revisions that would trigger development conditions of approval that would require modifications to the storm sewer infrastructure to comply with current standards. The Clean Water Services Design and Construction Standards have not been updated since the adoption of the reimbursement district and the storm sewer system is consistent with these standards.

#### Water

The water main was designed to Tualatin Valley Water District (TVWD) standards, who operated the City's water system at that time. The City has since taken over the system and adopted standards. The design manual did not make significant revisions from the TVWD standards that would alter the performance of the water system infrastructure or trigger

development conditions of approval that would require modifications to the system to comply with current standards.

**Current Condition of Infrastructure**

HHPR conducted a site visit to visually review the improvements that are available by surface inspection. Based on this site visit it is our opinion that the infrastructure is operating as intended and with standard regular maintenance has remaining useful life for future development. We would not anticipate upgrades to these facilities to be required as development conditions of approval and therefore the original value of the improvements is still valid. The following photos document the current condition of the surface improvements.



Photo 1: Looking south on Copper Terrace from Edy Road



Photo 2: Looking south on Copper Terrace south of Nursery Way



Photo 3: Looking south on Copper Terrace to Cereghino Lane