

Exhibit A

To: Sherwood City Council
From: Tom Nelson, Economic Development Manager
Re: Substantial Amendment, Amendment No. 15
Date: February 21, 2012



I. PURPOSE

This is a Sherwood Urban Renewal Plan Amendment (Amendment) to the Urban Renewal Plan (Plan) to increase the financial capacity of the Plan (maximum indebtedness¹). Because it is increasing the maximum indebtedness, it is termed a substantial amendment. The Amendment also makes changes to sections of the Plan to update it to be in conformance with present statutory provisions, comprehensive plan and zoning changes and urban renewal best practices. The Sherwood Urban Renewal Agency (Agency) is being asked to forward the Amendment to the Sherwood Planning Commission for their review for conformance with the Sherwood Comprehensive Plan and to the Sherwood City Council and recommend that the City Council adopt the Amendment.

II. BACKGROUND

The Sherwood Urban Renewal Plan was adopted on August 29, 2000 and has been amended fourteen times. The present amendment will increase the maximum indebtedness by \$9,785,869 from \$35,347,600 to \$45,133,469. The increase in maximum indebtedness is for the addition of projects to the plan which will improve the transportation systems, both street and trail, within the Area. It will also add to the capacity to provide additional revenues to existing projects within the Plan as identified in Table 12 in the Report to the Fifteenth Amendment.

The URA has accomplished a significant amount of work since its inception in August/2000. The following table accounts for Maximum Indebtedness to date:

¹ Maximum indebtedness is the limit on an urban renewal plan for how much can be spent on projects and programs throughout the life of the plan. In accordance with state law, every urban renewal district has a maximum indebtedness

Table 1 – Sherwood Urban Renewal Projects August/2000 to date

URA Projects	Expenditure
Sherwood City Hall	\$ 9,197,507
Downtown Streets Phase I	8,225,079
Cannery Project (Partially Completed)	9,748,360
Oregon Street/Langer Farms Pky. Intersection	1,000,000
Sherwood Forest Senior Affordable Housing Project	389,453
Old School Property	619,627
SW 1st Street Properties	264,000
Robin Hood Properties	250,000
SW Main Street Property (WQ Facility)	245,572
Sherwood School Fields and Grandstands	380,000
Façade Grants	227,802
Sherwood Field House	600,000
Sherwood Broadband	200,000
Administration (August/2000 to date)	1,848,002
Total	\$ 33,195,402

Included in the projects to date are purchases of blighted properties that will eventually be either publically or privately developed, restoring revenue to the URA which can either be spent on qualified URA projects or to defease debt. The plan's initial Maximum Indebtedness is \$35,347,600 which leaves a balance of \$2,152,198. The remainder will be needed to complete the Cannery Project.

In addition to completing the Cannery Project, the projects which are being added to the Plan are mainly infrastructure projects to improve the transportation network within the Sherwood Urban Renewal Area (Area), allowing for the development of underutilized parcels in the Area. Of primary significance are the first two projects. The Downtown Streets Phase II project is needed to complete the redevelopment of Old Town Sherwood. The Oregon Street Improvement Project will complete redevelopment of a primary entrance to Sherwood and a connector to the planned Tonquin Industrial Area. Other projects receiving additional funding are ongoing improvement projects within the Area, such as façade grants and sidewalk improvements. The future projected projects are identified in Table 2, below.

Table 2 – Projected Future Projects for Sherwood Urban Renewal Area

Project	Estimated Cost
Infrastructure	
Complete Community Center Construction	1,949,530
Downtown Streetscapes Phase 2	2,950,000
Oregon Street Improvements	3,290,000
Alley Improvements in Old Town	500,000
Lincoln Street Improvements - Willamette to Division Street	734,000
Century Drive Extension	500,000
Cedar Creek Trail	300,000
Sub-Total Infrastructure	10,223,530
Property Acquisition	500,000
Façade Grants	200,000
Main Street Program	100,000
Parking Study	50,000
Sidewalk Improvements in Old Town	100,000
URA Administration	1,200,000
Traffic Re-routing Study and Plans for Old Town	175,000
Redevelopment of Public Land into Parking Lots	371,000
Sub-total Other Projects	2,696,000
Total	12,919,530

One of the changes made by the 2009 Oregon legislature was instituting revenue sharing with impacted taxing jurisdictions. This revenue sharing clause is applied to existing urban renewal plans when actions are taken that result in an increase in the maximum indebtedness of these existing plans. Revenue sharing is instituted at certain specified trigger points as specific in ORS 457.470.

The financial projections, completed by ECONorthwest, estimate that the Sherwood Urban Renewal Area (Area) will begin revenue sharing in FY 2014 when the Area is projected to meet the 10 percent of initial maximum indebtedness trigger stated in the statutes (10% of \$35,347,600 is \$3,534,760). At that 10 percent limit, the affected taxing jurisdictions will begin receiving a portion of the increased tax revenue as a result of the projected increased assessed value within the Area. This is a positive benefit to the taxing jurisdictions, as they will not receive this revenue sharing without the Amendment.

The Area is projected to meet the 12.5 percent of the initial maximum indebtedness trigger in FY 2016, at which time the tax increment revenues to the Agency from the Area are held stable at that number, \$4,418,450, and the impacted taxing jurisdictions receive a proportionate share of the increase in tax increment revenues for the

remaining life of the district. These revenue sharing requirements only minimally impact the length of time the district will be in operation. An analysis of the tax increment revenues without revenue sharing indicates the Area would be able to defease the debt one year later with revenue sharing as without. These impacts are shown in tables 17 and 18 of the attached Report.

III. AMENDMENTS TO URBAN RENEWAL PLAN

The Amendment is considered to be a substantial amendment that requires the same procedure for adoption as a new urban renewal plan. The Amendment would increase the maximum indebtedness and add projects to the Plan. Substantial amendments are required to be adopted in the same manner as the adoption of an urban renewal plan, requiring approval of the Sherwood Urban Renewal Agency, notice to the taxing jurisdictions, review by the Sherwood Planning Commission, notice to the citizens of Sherwood and a Sherwood City Council hearing.

There are also other changes to the Plan to bring it up to date with current best practices. The significant changes in the Plan are:

- Updating Section 100 The Urban Renewal Plan to list all previous amendments.
- Updating Section 200 Citizen Participation to add information about Citizen Participation in this Amendment.
- Updating Section 400 Land Use to bring it in conformance with present zoning and comprehensive plan designations.
- Adding projects to Section 500 Description of Projects to be Undertaken, sub section 504 Public Improvements.
- Updating Section 700 Amendments to the Urban Renewal Plan to bring it into conformance with State Statutes.
- Increasing the Maximum Indebtedness in Section 800 Maximum Indebtedness.
- Updating the Plan's Attachment B – Comprehensive Plan Goals and Objectives to bring it up to date with the City's Comprehensive Plan.
- Adding funding to projects within the Plan as shown in Table 12 in the Report to the Fifteenth Amendment. (Projects are identified in the table above)

The Amendment is shown in Attachment 1.

An updated Report (Attachment 2) accompanies the Amendment. It follows the requirements of ORS 457 and analyzes, among other things, the continued existence of blight in the Area and the financial feasibility of increasing the maximum indebtedness.

IV. PROCESS FOR AMENDMENT

The process of adopting a substantial amendment to the Urban Renewal Plan consists of the following steps:

- Preparation of an Amendment, including the opportunity for citizen involvement.
- Forwarding a copy of the Amendment and the Report to the governing body of each taxing district. (The taxing districts letters were sent out on January 6, 2011.)
- Urban Renewal Agency review of the Amendment and accompanying Report and recommendation to forward the Amendment to City Council for adoption. (January 17, 2012)
- Review and recommendation by the Planning Commission. (The Sherwood Planning Commission review is scheduled for January 24, 2012.)
- Notice to all citizens of Sherwood of a hearing before the City Council. (Notice will be provided by an article in the February 2012 edition of the Sherwood Archer, which reaches all postal patrons as specified in ORS 457.120.)
- Hearing by City Council and adoption of the Amendment and accompanying Report by a non-emergency ordinance. The hearing and date set for vote by City Council is scheduled for February 21, 2012. The ordinance must be a non-emergency ordinance, which means that the ordinance does not take effect until 30 days after its approval and during that period of time may be referred to Sherwood voters if a sufficient number of signatures are obtained on a referral petition.
- Presentation to the Washington County Commission on January 24, 2012.

Though not required, Tualatin Valley Fire and Rescue (TVF&R) requested a presentation at its January 24, 2012 Board Meeting. A presentation was made, and a letter of support was received on February 2, 2012.

V. STAFF RECOMMENDATION

Staff recommends that the Sherwood Urban Renewal Agency forward the Urban Renewal Plan Amendment and Report on the Urban Renewal Plan Amendment to the Sherwood City Council and recommend approval of the Amendment.

Attachments:

- A. Sherwood Urban Renewal Plan Amendment No. 15
- B. Report on the Sherwood Urban Renewal Plan Amendment No. 15