City of Sherwood Oregon

Home of the Tualatin River National Wildlife Refuge

CITY COUNCIL MEETING PACKET

FOR

Tuesday, October 1, 2024

Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon

5:30 pm City Council Work Session

7:00 pm City Council Regular Meeting

This meeting will be live streamed at
https://www.youtube.com/user/CityofSherwood

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AGENDA

SHERWOOD CITY COUNCIL
October 1, 2024

5:30 pm City Council Work Session

7:00 pm City Council Regular Session

Sherwood City Hall
22560 SW Pine Street
Sherwood, OR 97140

This meeting will be live streamed at
https://www.youtube.com/user/CityofSherwood

5:30 PM CITY COUNCIL WORK SESSION

1. **Intro to Oldtown Strategic Plan**
   (Sean Conrad, Planning Manager)
2. **City Website Update**
   (Brad Crawford, IT Director)
3. **Sherwood West Update**
   (Eric Rutledge, Community Development Director)

7:00 PM REGULAR SESSION

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

4. **APPROVAL OF AGENDA**

5. **CONSENT AGENDA**

   A. **Approval of September 17, 2024, City Council Meeting Minutes** (Sylvia Murphy, City Recorder)
   B. **Resolution 2024-066, Authorizing the City Manager to sign a Contract with Kittelson & Associates for the Transportation System Plan (TSP) Update Project**
   (Jason Waters, City Engineer)

6. **CITIZEN COMMENTS**

7. **NEW BUSINESS**

   A. **Resolution 2024-065, Authorizing the Mayor to modify the Sherwood West UGB expansion application to mixed-employment and hospitality land only**
   (Eric Rutledge, Community Development Director)

8. **CITY MANAGER REPORT**

9. **COUNCIL ANNOUNCEMENTS**

10. **ADJOURN**

How to Provide Citizen Comments and Public Hearing Testimony: Citizen comments and public hearing testimony may be provided in person, in writing, or by telephone. Written comments must be submitted at least 24 hours in advance of the scheduled meeting start time by e-mail to Cityrecorder@Sherwoodoregon.gov and must clearly state either (1) that it is intended as a general Citizen Comment for this meeting or (2) if it is intended as testimony for a public hearing, the specific public hearing topic for which it is intended. To provide comment by phone during the live meeting, please e-mail or call the City Recorder at Cityrecorder@Sherwoodoregon.gov or 503-625-4246 at least 24 hours in advance of the meeting start time in order to receive the phone dial-in instructions. Per Council Rules Ch. 2 Section (V)(D)(5), Citizen Comments, “Speakers shall identify themselves by their names and by their city of residence.” Anonymous comments will not be accepted into the meeting record.

How to Find out What's on the Council Schedule: City Council meeting materials and agenda are posted to the City web page at www.sherwoodoregon.gov, generally by the Thursday prior to a Council meeting. When possible, Council agendas are also posted at the Sherwood Library/City Hall and the Sherwood Post Office.

To Schedule a Presentation to the Council: If you would like to schedule a presentation to the City Council, please submit your name, phone number, the subject of your presentation and the date you wish to appear to the City Recorder, 503-625-4246 or Cityrecorder@Sherwoodoregon.gov

ADA Accommodations: If you require an ADA accommodation for this public meeting, please contact the City Recorder’s Office at (503) 625-4246 or Cityrecorder@Sherwoodoregon.gov at least 48 hours in advance of the scheduled meeting time. Assisted Listening Devices available on site.

SHERWOOD CITY COUNCIL MEETING MINUTES
22560 SW Pine St., Sherwood, Or
September 17, 2024

WORK SESSION

1. **CALL TO ORDER:** Mayor Tim Rosener called the meeting to order at 5:35 pm.

2. **COUNCIL PRESENT:** Mayor Tim Rosener, Council President Kim Young, Councilors Taylor Giles, Renee Brouse, Dan Standke, Keith Mays, and Doug Scott.

3. **STAFF PRESENT:** City Manager Craig Sheldon, Assistant City Manager Kristen Switzer, Interim City Attorney Sebastian Tapia, Community Development Director Eric Rutledge, Interim Public Works Director Rich Sattler, HR Director Lydia McEvoy, IT Manager Richard McCord, Economic Development Manager Bruce Coleman, Planning Manager Sean Conrad, Senior Planner Joy Chang, Finance Director David Bodway, Lead Utility Billing Tech Sarah Lopez, and City Recorder Sylvia Murphy.

   OTHERS PRESENT: Consultant Chris Bell with Bell & Associates, Pride Disposal representatives Kristin Leichner and Eric Anderson.

3. **TOPIC:**

   A. Solid Waste Annual Report

   City Manager Craig Sheldon introduced Chris Bell with Bell & Associates and Mr. Bell presented the "City of Sherwood Solid Waste & Recycling Collection" PowerPoint presentation (see record, Exhibit A). Mr. Bell recapped that a rate review was necessary because if the rate of return for the franchisee was less than 8% or more than 12%, then the city needed to undertake a rate study to recommend new rates. He reported that Pride was presenting an estimated rate of return at 10% for costs that would be incurred in 2025. He provided an overview of the adjusted 2023 results on page 3 of the presentation and reported that the return on revenues for residential carts was 2.74%, 4.36% for commercial container, 7.72% for drop boxes, and 4.17% for composite. Mr. Bell explained that at previous Council meetings, Council decided that due to the significant rate increase, instead of waiting for January 1st, Council enacted a rate increase effective in September 2023. He outlined the collection and disposal rates effective in September 2023 on page 4 of the presentation as: 5.7% for residential, 4.7% for commercial, and 3.3% for drop boxes. He outlined the factors which drove the cost increases and stated that driver wages increased by 5.9%, truck repair and maintenance increased by 2.5%, organic waste increased by 8.5%, administrative costs increased by 6%, and truck depreciation increased by 13%. He referred to the new collection trucks and explained that there was an 18–24 month delay for procuring those trucks and commented that new trucks would continue to be difficult to procure for the next several years. Mayor Rosener asked what the depreciation schedule was for new trucks and Mr. Bell replied that it was seven years. Pride Disposal representative Eric Anderson explained that Pride aimed to get two new automated trucks per year, but due to the current delays in procuring new trucks, Pride received six new trucks in 2023. Mr. Bell explained that the cost of the new collection trucks were allocated across the jurisdictions serviced by Pride, and Pride expended 15% of the total company truck hours in Sherwood, making the truck expense allocated to Sherwood 15%. He provided an overview of the solid waste disposal costs table on page 7 of the presentation. He explained that there were two primary components that drove costs: cost of transfer disposal and the Metro fees and taxes. He noted that the Metro fees and taxes for 2024 was $49.30 per ton. Mayor Rosener asked if Sherwood's waste was sent to a Metro facility and Mr. Bell replied that it was a Pride facility. Mayor Rosener referred to the parity between Metro's transfer and disposal fees and Pride's transfer and disposal fees and asked for clarification. Pride Disposal representative Kristin Leichner explained that Metro allocated the wet waste tons in the region and required that a minimum of 40% of the region's tons go to Metro facilities. Metro then took the remaining 60% and divided it amongst the six private facilities, with each facility receiving a base tonnage. She explained that for roughly the past five years, Metro had implemented goal-based tonnage allocations for the remainder which meant that in order for Pride to reach their 10% maximum of the region's tonnage, each of Metro's goals had to be met. She reported that one of the goals Pride had to meet was to not exceed Metro's tipping fee for wet waste. She explained that for the past several years Metro had been subsidizing their cost with their reserves, which Pride did not have access to. She stated that there has been frustration between private facilities and Metro because the private facilities did not have the economies of scale to do so. She commented that that was why the industry has been pushing Metro to get to the true cost of service because private facilities felt that their rates were being held artificially low in order to meet the tonnage allocation targets. Discussion regarding the history of tonnage fees in the region occurred. Mr. Bell provided an overview of the breakdown of the cart collection cost increases on page 10 of the presentation. Mayor Rosener commented that the rates in surrounding areas were significantly lower, and asked if anyone was examining why it was so different in the Metro region. Mr. Bell explained that Metro regulated what the collection services were, they also controlled the disposal, and there were labor costs which were always increasing. He provided an overview of the 2025 proposed collection rates on page 9 of the presentation. He noted there was a change in medical collection rates for all jurisdictions in Washington County and Council asked who was pushing for the change. Mr. Bell replied that there was a single company for medical collection and waste facilities in Hillsboro, Beaverton, Tigard, and Sherwood were pushing for the change. He provided an overview of the medical collection rates on page 11 of the presentation and explained that they hoped to standardize rates throughout the Washington County area. Mayor Rosener asked if that was because volume created lower costs and Mr. Bell replied that was correct and Mr. Anderson provided background information. He explained that the goal was to get the disposal and on-site pickup to line up with the actual disposal and on-site pick up pieces and discussion occurred. Council President Young confirmed that these were for medical facilities, not residential services and Mr. Bell confirmed that was correct. Mayor Rosener stated that an additional work session was needed for this topic and requested that Metro representatives be present at the meeting to answer questions from Council. He stated that he felt that Metro kept adding costs which impacted Sherwood's rates. Mayor Rosener explained that previously he had served on a rate-setting policy committee to advise Metro. Part of the recommendation that came out of the committee was to create a committee comprised of representatives from each jurisdiction that would review expenses, costs, make recommendations on the rates and move to a cost-of-service model. He reported that Metro had cherry-picked the cost-of-service out of the recommendation and chose to raise their tipping fees to match the recommendation and discussion occurred. Councilor Giles asked that information be added which showed which services were optional. City Manager Sheldon referred to the question of "Is there an adequate capital reserve fund to rebuild the [transfer] facility or to at least renovate it when the time comes?" on page 12 of the presentation and asked that it be addressed. Ms. Leichner explained that they financed and completed those things on an as-needed basis. She commented that if there was an unforeseen accident that destroyed their facility, they had insurance, but the cost of their insurance had increased significantly in the last few years.

B. Economic Development Incentives

Economic Development Manager Bruce Coleman presented the “Economic Development Incentives” PowerPoint presentation (see record, Exhibit B) and recapped that Council had expressed an interest in identifying Target Industries paying higher-than-average wages and types of incentive programs to attract such Target Industries. He recapped that he had worked with GPI to identify eight Target Industries that “made sense” for Sherwood. He stated that GPI had reported an average income of $84,101 for the Sherwood area and he had utilized NAICS and Locational Quotient to identify industries that would reasonably be attracted to Sherwood that would pay similarly. He identified: semiconductor/electronics manufacturing, aerospace/space/defense, biosciences/medical devices, cleantech, metals & machinery, robotics/automation, food products machinery, and other advanced manufacturing. He stated that there were challenges in attracting some of the Target Industries and explained they included the high-interest rate environment, cost challenges for advanced manufacturing companies to relocate/expand from older outmoded facilities to new efficient space in Sherwood, the impacts of the “Oregon Option” with manufacturing companies choosing to stay put, and the need for gap incentive financing to make the move to new facilities and referred to his previously sent email memo to Council (see record, Exhibit C). Mr. Coleman recapped that he had researched two types of economic development incentives for the local area and determined that there were not many incentives locally or at the state level. He reported that there were some financial, non-financial, state, and Business Oregon incentives for businesses. He provided an overview of the local economic development financial incentives on page 7 of the presentation. He explained that they were primarily local property tax abatements, including State Enterprise Zones and Local Enterprise Zones. Mayor Rosener asked if the property tax abatements were only for the city’s portion or the totality and Mr. Coleman replied he was not sure. Council President Young referred to previous Council discussions regarding Enterprise Zones and commented that she did not think Sherwood qualified. Economic Development Manager Coleman replied that Enterprise Zones were not something Sherwood would qualify for easily, but there were potentially a few small block areas that could qualify. He recapped Gresham’s Strategic Investment Zone and Wilsonville’s Invest Now Program and recommended that an outside agency be hired if Council wished to pursue a similar program to Wilsonville’s. Mr. Coleman reported that local economic development financial incentives included a “waiver” that was funded by the URA to the city and provided an overview of Fairview’s URA SDC Incentive Program and Gresham’s SDC City Deferral program. He noted that Gresham’s SDC City Deferral program was never activated due to a lien issue. Mayor Rosener referred to Sherwood West’s 200 acres of Industrial land and asked Community Development Director Eric Rutledge if staff had determined how much more could be added to the URA or set up a single URA and “still fall under the limits.” Mr. Coleman replied that the city was already close to the 25% limit and discussion occurred. He recapped that the local economic development non-financial incentives included: “Fast Track” Permitting and provided an overview of other city’s fast track programs on page 9 of the presentation. He explained that in order for Sherwood to utilize Fast Tracking Permitting, more financial resources were needed. Mayor Rosener referred to the city’s current Red Carpet Team and asked how much Fast Track Permitting would help matters. Mr. Coleman replied that developers were attracted to Fast Track Programs because “every day is interest lost” so the quicker the process, the better it was for developers and discussion occurred. He provided an overview of Business Oregon financial incentives for Advanced Manufacturing companies on page 10 of the presentation and stated options included: the Governor’s Strategic Reserve Fund (SRF), Oregon Business Development Fund (OBDP), and Credit Enhancement Fund (CEF). Economic Development Manager Coleman outlined staff’s recommendations to Council and stated that due to the current impact on URA budget, Council should consider creating Local Non-Financial Incentive Programs to expedite Target Traded Sector Industries as a first step and continue to proactively pursue Business Oregon for financial incentives for Target Traded Sector Industries. Council President Young asked if developers were rejecting Sherwood because the city did not offer incentives. Mr. Coleman replied that all of the companies that had already come to Sherwood had not asked for incentives other than wanting assistance in the permitting process, which the city was already providing. He continued that incentives were a good tool to have in the city's toolkit, but Sherwood had not received many requests for incentives. Councilor Giles commented that he was more in favor of the non-financial incentives and discussion occurred. Councilor Scott commented that he supported all of Mr. Coleman's recommendations and stated that he did not think the city needed to get into incentives until the city started losing business to other cities because of their incentive programs and the city should continue to focus on customer service. Councilor Brouse stated she agreed. Councilor Standke asked if there was a greater need to move the machinery or to rebuild the facilities. Mr. Coleman replied that it was likely both. Councilor Standke asked if currently more distribution companies had moved in than what the city was hoping for and Mr. Coleman replied that he always hoped for 100% advanced manufacturing, but that was not realistic, and discussion occurred. Mayor Rosener asked if Councilor Standke was okay with staff's suggestions and Councilor Standke replied that he was. Mayor Rosener added that he was as well.

C. Sherwood West Update

Community Development Director Eric Rutledge presented the "Sherwood West Urban growth Boundary Expansion Discussion" PowerPoint presentation (see record, Exhibit D) and explained that the purpose of this work session was to discuss the proposed resolution that was on the agenda for the regular session. He recapped that Sherwood West was a complete community with employment land, housing land, public/institutional land, parks and open space, and would have roughly 340 net acres of land for needed housing. He stated that the Sherwood West Concept Plan responded to the Sherwood community's needs and also accounted for regional needs. He reported that Sherwood was the only UGB expansion application for Metro's consideration and noted that the next cycle would not be until 2030. He explained that staff had endeavored to clarify Sherwood West's housing estimates both in the Sherwood West Concept Plan and to Metro and stated that the zoned density range was 6.3-9.2 units per net acre, and the overall residential density was 9.2 units per acre, which assumed developers would build to full capacity. Mayor Rosener noted that additional density would be permitted pursuant to HB 2001 and SB 1537. Mr. Rutledge commented that he felt that the Sherwood West Concept Plan arranged for housing that met the needs of the community in a reasonable time frame, while also understanding that the density would likely be pushed higher as development occurred and new state laws were introduced. He expressed that the Concept Plan included feedback from the community and would be compatible with Sherwood city limits as time went on. He reported that the overall residential density of 9.2 units per acre would result in a total housing estimate of 3,117 new units, with 43% being middle and multi-family units. Community Development Director Rutledge recapped that Council discussed the following options at their September 3rd work session: continue to negotiate conditions aligned with our community and adopted Concept Plan, revise the Sherwood West Concept Plan, or withdraw the Sherwood West Concept Plan. He stated that Council decided to try to continue to negotiate with Metro. He explained that staff were also concurrently working on a draft resolution allowing Council to revise the Sherwood West Concept Plan and would come before Council on October 1st. He explained that the proposed resolution on tonight's agenda was giving the Mayor the authority to withdraw the UGB expansion application, which had been quicker to draft. Council President Young confirmed that Council would still be able to pull the application once the Metro Council had approved the application. Mr. Rutledge replied that was correct and provided an overview of the timeline on page 9 of the presentation. He outlined that there would be a Metro Council public hearing on the COO recommendation on September 26th and commented that he expected a lot of public testimony both in support and in opposition. Metro Council would provide direction to Metro staff on October 8th and Community Development Director Rutledge recommended that Council decide on October 9th on whether to proceed or withdraw their application. Mayor Rosener stated that he was in frequent communication with Metro Council President Lynn Peterson, and he had met with the city's land use attorney Carrie Richter to discuss options. He explained that the city needed to be able to act quickly should there be something in the approval that Council did not like and the resolution on tonight's agenda reaffirmed and clarified the density in the Sherwood West Concept Plan. He explained that it was important to clarify the density because if the UGB expansion was approved, it strengthened the city's case if there was an appeal. He commented that it was likely that there would be an appeal. Councilor Giles asked for clarification on the circumstances in which the proposed resolution would be utilized, and discussion occurred. Mayor Rosener stated that he would work with City Manager Craig Sheldon and ideally, a special meeting would be scheduled. Mayor Rosener explained that Metro Council President Peterson had directed Metro staff to come back with conditions that would hold Sherwood to what the Sherwood West Concept Plan said. Council President Young asked what would happen if on October 9th Council decided to proceed with the UGB expansion ask, but only for the industrial land. Director Rutledge replied that Metro Council would be under a tight timeline to move through their process. Councilor Giles commented that updating the application to only apply to industrial land was a less-than-ideal scenario. Mayor Rosener commented that he felt Metro Council would be hard-pressed to vote against the city's UGB expansion request. Councilor Mays commented that to him, there was no upper end to the density because as development occurred and future laws were passed, density would only go up. Mr. Rutledge clarified that the zoning table in the Sherwood West Concept Plan was included to show a range based on current zoning, and just because the table was adopted in the Concept Plan did not mean that it had to be carried forward into the comprehensive planning process. Discussion occurred and Mayor Rosener stated that as the date approached, a work session would be scheduled for Council to discuss their options.

4. ADJOURN

Mayor Rosener adjourned the work session at 6:55 pm and convened a regular session.

<u>REGULAR SESSION</u>

1. **CALL TO ORDER:** Mayor Tim Rosener called the meeting to order at 7:05 pm.

2. **COUNCIL PRESENT:** Mayor Tim Rosener, Council President Kim Young, Councilors Taylor Giles, Renee Brouse, Dan Standke, Keith Mays, and Doug Scott.

3. **STAFF PRESENT:** City Manager Craig Sheldon, Assistant City Manager Kristen Switzer, Interim City Attorney Sebastian Tapia, Community Development Director Eric Rutledge, Interim Public Works Director Rich Sattler, HR Director Lydia McEvoy, IT Manager Richard McCord, Finance Director David Bodway, Senior Planner Joy Chang, Planning Manager Sean Conrad, Police Captain Jon Carlson, Lead Utility Billing Tech Sarah Lopez, and City Recorder Sylvia Murphy.

4. **APPROVAL OF AGENDA:**

MOTION: FROM COUNCIL PRESIDENT YOUNG TO APPROVE THE AGENDA. SECONDED BY COUNCILOR BROUSE. MOTION PASSED 7:0; ALL MEMBERS VOTED IN FAVOR.

Mayor Rosener addressed the next agenda item.

5. CONSENT AGENDA:

A. Approval of September 3, 2024, City Council Meeting Minutes

MOTION: FROM COUNCILOR SCOTT TO APPROVE THE CONSENT AGENDA. SECONDED BY COUNCILOR BROUSE. MOTION PASSED 7:0; ALL MEMBERS VOTED IN FAVOR.

Mayor Rosener addressed the next agenda item.

6. CITIZEN COMMENT:

There were no citizen comments and Mayor Rosener addressed the next agenda item.

7. PRESENTATIONS:

A. Proclamation, Proclaiming September as National Preparedness Month

Mayor Rosener stated that each September was recognized as National Preparedness Month and Oregonians had witnessed and experienced natural disasters in their own communities. He stated that every community member could take active steps to protect their families and neighbors from natural and manmade disasters and every family and business in Sherwood was encouraged to take active steps to be financially secure after a disaster. He stated that every business and community member was encouraged to ensure they were properly insured against fire, flood, earthquake and storms. He reported that the national theme for 2024 was “Start a Conversation” which encouraged conversations with family and neighbors regarding current events, human threats, natural disasters and building prepared by adopting escape plans, preparing “Go Now” kits, maintaining supplies of shelf stable food and water and pooling resources within our communities. Mayor Rosener proclaimed September as National Preparedness Month and encouraged the Sherwood community to be prepared.

Mayor Rosener addressed the next agenda item.

B. Recognition of Sherwood High School Students – Academic, Athletic & Musical Achievements

The students who had RSVP’d for tonight's recognition were called forward. A PowerPoint presentation was displayed (see record, Exhibit E) listing the names of all of the students who received a 4.0 cumulative GPA in the 2023-2024 school year, as well as students that placed first in State in an athletic event as a team or as an individual, and students that placed first in State in a musical competition. Council congratulated the students and Mayor Rosener indicated certificates would be mailed to those who were unable to attend.

Mayor Rosener addressed the next agenda item.

8. NEW BUSINESS:

A. Resolution 2024-064, Affirming Aspects of the Sherwood West Concept Plan and Authorizing the Mayor to Withdraw the UGB Expansion Application

Community Development Director Eric Rutledge presented the "Sherwood City Council Resolution 2024-064" PowerPoint presentation (see record, Exhibit F) and explained that the proposed resolution would authorize the Mayor to withdraw the city's Sherwood West UGB application. He clarified that passing this resolution would not withdraw the application upon the resolution's approval, but authorized the Mayor to withdraw the application should certain outcomes be likely. He provided a recap as to how the resolution came to be and reported that the Sherwood West CAC, Planning Commission, and City Council had provided direct input on the housing plan for Sherwood West and was unanimously supported by all three boards. He explained that the housing plan called for an overall residential density or total average density of 9.2 units per net acre, or 3,117 new homes. He stated that the Metro COO recommended that the Metro Council adopt the baseline forecast for growth, which would result in a deficit of capacity within the UGB of between 1,000-5,300 homes. Mr. Rutledge clarified that there was also a potential condition of approval regarding affordable housing and stated that the housing plan addressed affordable housing, but the Metro recommendation was overly restrictive which could have unintended consequences from a planning perspective. He outlined that the proposed resolution would also authorize the Mayor to pull the city's application if there were other conditions that materially changed the plan which had not been developed in consultation with the Sherwood community and were therefore not supported by the City Council. Director Rutledge explained that it was determined that this resolution was necessary because the city may need to respond quickly to changing conditions. Mayor Rosener clarified that a work session would be called if there was time to discuss the application, but there may not be sufficient time, making the proposed resolution necessary. Council President Young proposed amending the resolution to state that the Mayor had the authority to withdraw the application only if a City Council meeting could not be called first. Councilor Scott commented that he did not support amending the proposed resolution. Councilor Mays stated that he believed that if there was sufficient time to call a meeting, Mayor Rosener would do so and therefore an amendment was not necessary. Councilor Giles commented that he believed the issue to be a misunderstanding and that he wished to continue to work with Metro going forward. He spoke on the need for housing variety in Sherwood and the Oregon housing shortage and he hoped that this had been communicated to Metro. Mayor Rosener spoke on the planning process the Sherwood West area had already undergone and the work of Metro staff. He expressed that the city was ready to get to work on Sherwood West but not at the cost of what the community wanted for the area. He explained that the resolution also clarified the city's proposed density for Sherwood West. Councilor Mays stated that he hoped the process could move forward as it had been a long process involving Sherwood and neighboring communities, but ultimately if the application needed to be pulled due to considerable changes, then the city would do so. Councilor Standke stated that he supported the proposed resolution, but he hoped that the city's application could move forward without substantive changes. Councilor Scott commented that he had been working on the Sherwood West plan for the past eight years and he was very supportive of the plan and wanted to see the plan proceed, but not if the Metro Council made changes to that plan. With no other comments, the following motion was stated.

MOTION: FROM COUNCILOR MAYS TO APPROVE RESOLUTION 2024-064, AFFIRMING ASPECTS OF THE SHERWOOD WEST CONCEPT PLAN AND AUTHORIZING THE MAYOR TO WITHDRAW THE UGB EXPANSION APPLICATION. SECONDED BY COUNCIL PRESIDENT YOUNG. MOTION PASSED 7:0; ALL MEMBERS VOTED IN FAVOR.

Mayor Rosener addressed the next agenda item.

9. PUBLIC HEARING:

A. Ordinance 2024-003, Adding new sections to the Sherwood Municipal Code designating City Manager Pro Tem in the absence of the City Manager and amending Chapter 1.10

Interim City Attorney Sebastian Tapia presented the staff report and summarized that this ordinance would change Sherwood's Municipal Code Chapter 1.10.030 regarding procurement code, which added the Assistant City Manager to the list of authorized individuals to act on behalf of the City Manager when the City Manager was unavailable. He reported the ordinance would add new code to Chapter 1.04 and defined the term "vacant" and provided instruction on what happens when the City Manager had a planned absence, unplanned absence, and when the role was vacant. Councilor Giles asked if the ordinance would also address when the Assistant City Manager role was vacant. Mr. Tapia replied that it did address that and explained that the process for filling those roles was outlined in the procurement chapter. Councilor Giles asked what would happen if the city removed the Assistant City Manager position. Mayor Rosener replied that that was under the purview of the City Manager, as it was a staffing decision. He explained that prior to the Assistant City Manager role being created, there were things in the city's code that only the City Manager could do and if the City Manager role was vacated suddenly as what had recently occurred, then those duties could not be executed. Mayor Rosener opened the public hearing and asked for public comment on the proposed ordinance. Hearing none, Mayor Rosener closed the public hearing and asked for questions or a motion from Council.

MOTION: FROM COUNCIL PRESIDENT YOUNG TO READ CAPTION AND ADOPT ORDINANCE 2024-003, ADDING NEW SECTIONS TO THE SHERWOOD MUNICIPAL CODE DESIGNATING CITY MANAGER PRO TEM IN THE ABSENCE OF THE CITY MANAGER AND AMENDING CHAPTER 1.10. SECONDED BY COUNCILOR BROUSE. MOTION PASSED 7:0; ALL MEMBERS VOTED IN FAVOR.

Mayor Rosener addressed the next agenda item.

B. Ordinance 2024-004, Amending sections of the Sherwood Zoning and Community Development Code for Food Cart Pods

Senior Planner Joy Chang presented the "LU 2024-014 PA Food Cart Pods" PowerPoint presentation (see record, Exhibit G) and stated that Planning staff had been fielding an increasing number of inquiries regarding the operation of food carts within Sherwood. She outlined that the proposed amendments would allow food cart pods in certain zones and stated that food units could provide opportunities for small scale entrepreneurship, provide unique eating establishments, and provide community gathering spaces. She recapped that the proposed amendments would allow for the development of food cart pods in the General Commercial (GC) and Retail Commercial (RC) zones, the process was a Type IV Site Plan Review with a concurrent Type III Conditional Use Permit, and there were development and design standards. Ms. Chang provided an overview of the food cart pod process on page 4 of the presentation and reported food cart pods would require a Conditional Use Permit, the Planning Commission was the final decision maker, and the City Council would provide the appeal opportunity. She stated that no parking mandates could be required within the Frequent Transit Corridor and Sherwood Town Center, per CFEC rules, and explained that the area delineated in pink on the map on page 6 of the presentation represented the Frequent Transit Corridor area. Senior Planner Chang commented that the city would provide suggested parking minimums and stated that developers could also propose additional parking. She provided an overview of the food cart pod development standards as: a minimum of five food carts; a permanent restroom sized for the site; an enclosed building or pavilion that was a minimum of 1,000 square feet; permanent utility connections (water, sewer, electricity); design standards for the proposed building or pavilion; minimum setback standards for permanent structures and food carts; screening from residential properties; and vehicular and bicycle parking. She recapped Council's desire for the location to be a "destination" and referred to the permanent enclosed building/pavilion. She outlined that two vehicular parking spots and one bicycle parking spot per food cart were included in the design standards. Ms. Chang provided an overview of the applicable criteria for a plan amendment on page 9 of the presentation. She addressed the review criteria of Community Needs and stated that food cart pods offered flexibility and adaptability to meet various community needs. She stated that food cart pods would provide opportunity to increase jobs and businesses, reduce investment risk and allow small businesses to serve larger markets, compliment existing businesses and activities, create positive impacts on street vitality and neighborhood life, provide food choices to the Sherwood community, increase activity in underperforming commercial areas, and would support entrepreneurship. Senior Planner Chang stated that food cart pod amendments were consistent with the 2040 Comprehensive Plan, specifically the goals and policies by allowing entrepreneurial opportunities for small startup businesses while providing a diverse mix of economic activity. She stated that the amendments would also allow and encourage the development of commercial areas and explained that the minimum number of food carts and the inclusion of permanent amenities, such as a pavilion/building and restrooms, would create a "destination" for Sherwood residents and visitors. Ms. Chang provided an overview of the public noticing requirements on page 12 of the presentation and reported that no public comments had been received. She recapped that the Planning Commission held its public hearing on August 13, 2024 where they voted unanimously in favor of recommending the proposed text amendments to the City Council. She recapped that based on the findings and applicable code criteria, staff recommended Council approve the proposed text amendments and hold the second public hearing for Ordinance 2024-004 on October 15, 2024. Councilor Giles asked regarding the permanent building/pavilion and Senior Planner Chang explained that either a building or a pavilion would need to be provided. Councilor Mays thanked city staff and the Planning Commission for their work. Mayor Rosener opened the public hearing and asked for public comment on the proposed ordinance. Hearing none, Mayor Rosener closed the public hearing and asked for questions or discussion from Council. Councilor Scott commented that he had been in favor of a food cart pod for a long time, and he was excited to see it come to fruition. Councilor Giles commented that he had received community feedback supporting the idea of a food cart pod in Sherwood and thanked staff for their work.

Mayor Rosener addressed the next agenda item.

10. CITY MANAGER REPORT:

City Manager Craig Sheldon reported that a retirement party for Economic Development Manager Bruce Coleman would be held on October 3rd at the Arts Center. He thanked Lead Utility Billing Tech Sarah Lopez for assisting with the recognition of Sherwood High School Students. He reported the Old Town Strategic Plan would come before Council at the October 1st meeting. Councilor Mays commented regarding traffic on Roy Rogers and Highway 99W with Elwert being closed. He asked if the county was doing any analysis on that because it indicated that there was more traffic that utilized Elwert than previously thought. City Manager Sheldon commented he agreed and expressed he hoped that the county would finish their work on schedule. Councilor Mays asked regarding cut-through traffic and Mr. Sheldon replied that the Sherwood Police Department were doing extra patrols in the area.

Mayor Rosener addressed the next agenda item.

11. COUNCIL ANNOUNCEMENTS:

Councilor Giles reported he attended the most recent Sherwood School District meeting. He reported he would attend the Library Advisory Board meeting on September 18th.

Councilor Brouse reported that she was unable to attend the most recent Senior Advisory Board meeting. She reported on her attendance at the SAFE Cascadia event in Echo, Oregon.

Councilor Mays reported that the Cultural Arts Commission did not meet but would meet soon to discuss pedestrian bridge art. He reported he would attend the upcoming WCCCA meeting. He spoke on the Senior Center and their recent recognition and their work providing free mental health support to Sherwood seniors.

Councilor Scott spoke on the recent Oregon-Oregon State football rivalry game.

Councilor Standke reported he attended the most recent Planning Commission meeting where they discussed quasi-judicial training and the continuation of a land use hearing. He referred to school being back in session and asked that drivers be mindful and cautious of crosswalks and pedestrians crossing streets.

Mayor Rosener stated that Council President Young had to leave the meeting. He reported he had had several meetings with Metro Council and Metro staff. He reported he attended several regional meetings. He reported he would travel to Washington D.C. next week to lobby on behalf of Sherwood's aging sewer infrastructure.

12. ADJOURN:

Mayor Rosener adjourned the regular session at 8:20 pm and convened an executive session.

EXECUTIVE SESSION

1. **CALL TO ORDER:** Mayor Rosener called the meeting to order at 8:21 pm.

2. **COUNCIL PRESENT:** Mayor Tim Rosener, Councilors Taylor Giles, Renee Brouse, Dan Standke, Doug Scott, and Keith Mays. Council President Kim Young was absent.

3. **STAFF PRESENT:** Interim City Attorney Sebastian Tapia, City Manager Craig Sheldon, Assistant City Manager Kristen Switzer, HR Director Lydia McEvoy and Finance Director David Bodway. Police Chief Ty Hanlon attended remotely.

3. **TOPICS:**

   A. ORS 192.660(2)(d), Labor Negotiator Consultations

4. **ADJOURN:**

Mayor Rosener adjourned the executive session at 8:55 pm.

Attest:

Sylvia Murphy, MMC, City Recorder | Tim Rosener, Mayor

City Council Meeting Date: October 1, 2024

Agenda Item: Consent Agenda

TO: Sherwood City Council

FROM: Jason Waters P.E., City Engineer
Through: Craig Sheldon, City Manager and Sebastian Tapia, City Attorney

SUBJECT: Resolution 2024-066, Authorizing the City Manager to sign a Contract with Kittelson & Associates for the Transportation System Plan (TSP) Update Project

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Issue:

Shall the City Council authorize the City Manager to negotiate a final scope of work that meets state law and considers the goals & priorities of the City Council while staying within the allotted budget by executing a Professional Services Contract with Kittelson & Associates, Inc. to complete the TSP Update Project over the next two (2) fiscal years?

Background:

The City's Transportation System Plan (TSP) was last updated and adopted by City ordinance in 2014 and prior to that in 2006. The TSP is due for a substantial update and requires the services of a qualified professional engineering firm to complete the project.

This professional services contract amount will exceed $250,000 and therefore the Formal Selection Procedure was followed for the Request for Proposals (RFP) solicitation document that was publicly advertised in the Oregon DJC on July 24th and 26th with consultant proposals due by September 4th, 2024 and posted on the City's RFP webpage for the TSP Update Project (https://www.sherwoodoregon.gov/engineering/page/request-proposal-professional-engineering-services-delivery-public-improvements-0.

The consultant budget for this project was assigned an initial budget of $500,000 and based-upon discussions and comparison with other Metro cities of similar size, for example the City of Tualatin's 2023 TSP Update consultant contract was approximately $480k and of a similar effort expected for this project. Larger cities, for example the City of Beaverton or the City of Hillsboro, could expend upwards of $800k to $1M for a substantial TSP Update Project.

The final scope of work will be negotiated by the City Manager, City staff and the consultant using components from similar TSP Update Projects and example consultant contracts obtained from ODOT, the City of Tualatin, and other partner cities and based upon individual input & feedback from councilors over the next few weeks to ensure their concerns and priorities are addressed during the project. The scope of work will be of similar nature to the previous TSP Update project with consideration for new state rules surrounding the Governor's Climate Friendly and Equitable Communities (CFEC) and Middle Housing initiatives to ensure the City's TSP remains compliant. Several example scopes of work for TSP Update project were provided in the RFP and staff believes the $500k consultant contract budget is adequate, and this approach prevents the contract amount ballooning in order to meet everyone's needs through prioritization.

The City received two (2) proposals from qualified firms, DKS Associates, which led the City's last two TSP Updates, and Kittelson & Associates, Inc. who the selection committee ranked as the highest scoring firm.

Staff recommends the City Council authorize the City Manager to negotiate and execute a $500,000 contract to deliver a compliant TSP by Ordinance that meets the goals & priorities of the City Council. The Notice of Intent to Award a contract to Kittelson & Associates, Inc. was posted to the City's RFP webpage and delivered to proposers on September 24th, 2024, and the seven (7) day protest period ended on October 1st, 2024 with no protests received by the deadline.

Following the adoption of this resolution the City will execute an initial small contract w/ Kittelson & Associates to develop a complete scope of work that fits within the available budget while still meeting the goals & priorities of the City Council. Individual feedback will likely be solicited directly by the consultant or City Manager over the next few weeks during regularly scheduled one-on-one meetings and questionnaires culminating with a kickoff work session anticipated in January 2025 to present the current project status, review the final scope, go over the schedule, and confirm the makeup of the citizen and technical advisory committees prior to the City Council approval via resolution for the CAC and TAC. In short, City staff and the selected consultant will be meeting regularly with the City Council early-on and throughout the TSP Update Project, and award of this resolution is key to developing the best scope of work possible for the City Council.

The TSP Update Project contract will be funded by City transportation funds, specifically SDC and TDT funds allocated in the adopted FY24-25 and FY25-27 bi-annual budgets. The work will take approximately 16-18 months to complete following the award of this resolution and notice to proceed with the initial contract with TSP Ordinance anticipated in Spring 2026.

Financial Impacts:

The $500,000 initial contract and $65,000 additional contingency will be funded by City Transportation funds over the next 2 fiscal years. Any work associated with study of special districts or growth areas outside the city limits up to the $150,000 additional work stated in the resolution must be accounted for in an adopted budget per local contracting rules for City Manager's direct contract authority.

Recommendation:

Staff respectfully recommends City Council approval of Resolution 2024-066, Authorizing the City Manager to sign a Professional Services Contract with Kittelson & Associates for the Transportation System Plan (TSP) Update Project.

City of Sherwood Oregon
Home of the Tualatin River National Wildlife Refuge

RESOLUTION 2024-066

AUTHORIZING THE CITY MANAGER TO SIGN A CONTRACT WITH KITTELSON & ASSOCIATES FOR THE TRANSPORTATION SYSTEM PLAN (TSP) UPDATE PROJECT

WHEREAS, the Transportation System Plan (TSP) was last updated in 2014 and is the top priority master plan update project for the City; and

WHEREAS, City staff advertised on July 24th and July 26th of 2024 in the Oregon DJC a public Request for Proposal (RFP) using the Formal Selection Process for service contract over $250,000; and

WHEREAS, the services required to complete the TSP Update Project must be provided by licensed professional engineers, including but not limited to licensed civil engineers and traffic engineers; and

WHEREAS, state & local contracting rules require the selection of professional architectural and engineering (A&E) services to be based on qualifications and experience or Qualifications Based Selection (QBS) only; and

WHEREAS, the consultant contract amount for the TSP Update Project is set at $500,000 plus contingency funds to be expended across the current and pending fiscal years over multiple phases of work meeting state requirements and will address the City's pillars & goals and priorities of the City Council; and

WHEREAS, two (2) proposals were received from qualified firms that both have completed similar projects and have previously contracted with the City, DKS Associates and Kittelson & Associates, both based out of Portland, Oregon; and

WHEREAS, the City RFP selection committee members independently reviewed and scored each proposal per the RFP scoring criterion and determined Kittelson & Associates to have the highest total aggregate score; and

WHEREAS, City staff checked references and verified active licenses and believes Kittelson & Associates, Inc. is qualified to complete the TSP Update Project; and

WHEREAS, the Notice of Intent to Award a contract to Kittelson & Associates for the TSP Update Project was posted to the City webpage on Tuesday, September 24th, 2024 and the seven (7) day protest period ended on October 1st, 2024; and

WHEREAS, staff recommends a $65,000 (13%) contingency for the TSP Update Project within current city limits and up to an additional $150,000 authorization for similar work in special districts or growth areas not yet annexed into the city limits.

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

Section 1. The City Manager is hereby authorized to negotiate and execute a Contract with Kittelson & Associates, Inc for the Transportation System Plan (TSP) Update Project.

Section 2. The initial Contract Amount shall not exceed $500,000 for the pending scope of work being negotiated by the City Manager in the best interest of the City and City Council.

Section 3. The City Manager is authorized to execute contract amendments up to $65,000 for unforeseen work related to undeveloped or redevelopment areas within the city limits.

Section 4. The City Manager is authorized to executed additional contract amendments up to $150,000 for similar technical work in special overlay districts or pending growth expansion areas.

Section 5. This Resolution shall be effective upon its approval and adoption.

Duly passed by the City Council this 1st of October 2024.

____
Tim Rosener, Mayor

Attest:

____
Sylvia Murphy, MMC, City Recorder

City Council Meeting Date: October 1, 2024

Agenda Item: New Business

TO: Sherwood City Council

FROM: Eric Rutledge, Community Development Director
Through: Craig Sheldon, City Manager; Sebastian Tapia, Interim City Attorney

SUBJECT: **Resolution 2024-065, Authorizing the Mayor to modify the Sherwood West UGB expansion application to mixed-employment and hospitality land only**

Issue:
Shall the City Council approve Resolution 2024-065, authorizing the Mayor to modify the Sherwood West UGB expansion application to mixed-employment and hospitality land only?

2024 Urban Growth Management Decision:
The Sherwood West Concept Plan (Concept Plan) was accepted by City Council on July 18, 2023 with a refinement study accepted on March 5, 2024. The Concept Plan was submitted for consideration during the 2024 Metro Urban Growth Management (UGM) decision. The Metro Council is scheduled to hold public hearings on the UGM decision and the Sherwood West Concept Plan during the fall and winter of this year.

The UGM Metro Chief Operating Officer (COO) Report recommends Metro Council adopt the baseline forecast for growth over the next 20 years. This forecast would result in a capacity deficit of 1,000 – 5,300 units within the Urban Growth Boundary (UGB) over the next 20 years. The proposed total unit count for Sherwood West is 3,117 units, within the identified need of the COO recommendation. The COO Recommendation also states that the Metro Council could consider conditions of approval for Sherwood West related to:

- Minimum density or unit count
- Housing affordability
- Minimum industrial lot size
- Broad based community engagement

Sherwood West Concept Plan:
The Concept Plan is the result of a two-year planning process with the Sherwood West Citizens Advisory Committee (CAC) and the larger Sherwood community who provided direct and detailed feedback on housing estimates and density. Table 4 of the Concept Plan proposes a zoned density range of 6.3 to 9.2 units per acre. The CAC chose to plan for the high end of the zoned density range based on historical trends in Sherwood and the increases in density that would occur under HB 2001 (2019), resulting in an overall residential density of 9.2 units per net acre, or 3,117 new homes. Additional legislation passed during the 2024 short session, SB 1537 (2024), is likely to result in additional density not anticipated by the CAC during the planning process.

Conditions of Approval:
Metro Code Section 3.07.1455(b)(2) requires the Metro Council to designate an appropriate average density per net developable acre when residential land is added to the UGB. Based on the COO Recommendation, the Concept Plan's proposed density of 9.2 units per net acre can be approved by the Metro Council as the appropriate average density, without requiring additional density. A condition that requires a higher density than is proposed in the Concept Plan has not been developed in consultation with the Sherwood community.

Other conditions of approval that materially change the outcomes of the plan also have not been developed in consultation with the Sherwood community and may not be supported.

Modifying the Sherwood West Proposal:
Due to the concerns around conditions of approval that change the vision and outcomes of Sherwood West, the resolution authorizes the Mayor to modify the UGB expansion on behalf of the City Council if the outcome of the 2024 Urban Growth Decision is likely to result in a condition of approval for a higher density than proposed or any other condition that materially changes the outcomes of the plan.

Mixed-Employment and Hospitality Only Expansion
The 2023 Sherwood Economic Opportunities Analysis (EOA) indicates that the remaining employment land in the City's UGB is primarily composed of smaller lots of less than 10 acres and that there are no industrial building sites within the city or its UGB over 10 acres. To accommodate the City's employment needs, the EOA indicates there is a need for 277 acres of additional land outside of the current UGB. The Concept Plan identifies approximately 79-acres of hospitality employment land and 233-acres of mixed-employment land that can be incorporated into the UGB and City of Sherwood in an efficient and orderly manner. The hospitality and mixed-employment land proposed in the Concept Plan will bring job opportunities to the City and region while increasing the opportunities for tourism and traded sector growth.

To support a modified proposal, a revised Infrastructure Funding Strategy is included as Attachment 2 to the resolution and updated Metro Title 11 findings are included as Attachment 3 to the resolution.

Timeline:
The Metro Council is scheduled to provide final direction to Metro staff on the UGM decision and potential conditions of approval for Sherwood West during a work session on October 8, 2024. It is recommended that the Sherwood City Council withdraw its application no later than October 9, 2024, before the public notice process begins for the UBM decision.

Financial Impacts:
Approving the resolution will have no direct financial impact. If the City Council chooses to move forward with Sherwood West, the Comprehensive Planning process will update the city's master plans for the provision of public services and infrastructure including a financing strategy.

Recommendation:
Staff respectfully recommends consideration of Resolution 2024-065, authorizing the Mayor to modify the Sherwood West UGB expansion application to mixed-employment and hospitality land only.

DRAFT

City of Sherwood Oregon
Home of the Tualatin River National Wildlife Refuge

RESOLUTION 2024-065

AUTHORIZING THE MAYOR TO MODIFY THE SHERWOOD WEST UGB EXPANSION APPLICATION TO MIXED-EMPLOYMENT AND HOSPITALITY LAND ONLY

WHEREAS, the Sherwood City Council accepted the Sherwood West Concept Plan (Concept Plan) on July 18, 2023 via Resolution 2023-060; and

WHEREAS, the Sherwood City Council accepted a refinement to the Concept Plan on March 5, 2024 via Resolution 2024-013; and

WHEREAS, the Concept Plan is the result of a two-year planning process with the Sherwood West Citizens Advisory Committee and the larger Sherwood community who provided direct and detailed feedback on the vision and outcomes desired for planning area; and

WHEREAS, 2024 Urban Growth Management Decision: Metro Chief Operating Officer / Staff Recommendations (Metro COO Recommendation) recommends Metro Council consider housing related conditions of approval that may materially change the character of future neighborhoods and the larger Sherwood West plan; and

WHEREAS, if the neighborhood character established in the Sherwood West Concept Plan cannot be achieved, it may be in the best interest of the City of Sherwood and the Sherwood community to modify the UGB expansion application; and

WHEREAS, the 2023 Sherwood Economic Opportunities Analysis (EOA) indicates that the remaining employment land in the City's UGB is primarily composed of smaller lots of less than 10 acres and that there are no industrial building sites within the city or its UGB over 10 acres; and

WHEREAS, to accommodate the City's employment needs, the EOA indicates there is a need for 277 acres of additional land outside of the current UGB; and

WHEREAS, the Concept Plan identifies approximately 79-acres of hospitality employment land and 233-acres of mixed-employment land that can be incorporated into the UGB and City of Sherwood in an efficient and orderly manner, as depicted in Attachment 1; and

WHEREAS, the mixed-employment zone in the Concept Plan has physical characteristics suitable for large site development with ownership patterns that further support large site assembly; and

WHEREAS, the hospitality and mixed-employment land proposed in the Concept Plan will bring job opportunities to the City and region while increasing the opportunities for tourism and traded sector growth; and

WHEREAS, City may need to respond immediately to changing conditions and decisions during the 2024 Urban Growth Management decision to modify the proposal for an hospitality and mixed-employment only expansion; and

WHEREAS, to support the modified proposal described in this resolution, an updated Infrastructure Funding Strategy is included as Attachment 2 to this resolution and updated Metro Title 11 findings supporting are included as Attachment 3 to this resolution.

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

Section 1. The City Council authorizes the Mayor to modify the Sherwood West UGB Expansion application on behalf of the City Council if the outcome of the 2024 Urban Growth Decision is likely to result in a condition of approval for a higher density than proposed in the Concept Plan or that materially changes the outcomes of the plan.

Section 2. The modification shall be limited to the land depicted in Attachment 1 to this resolution.

Section 3. The updated Infrastructure Funding Strategy included as Attachment 2 to this resolution and updated Title 11 Findings included as Attachment 3 to this resolution shall be submitted with the modified UGB expansion proposal.

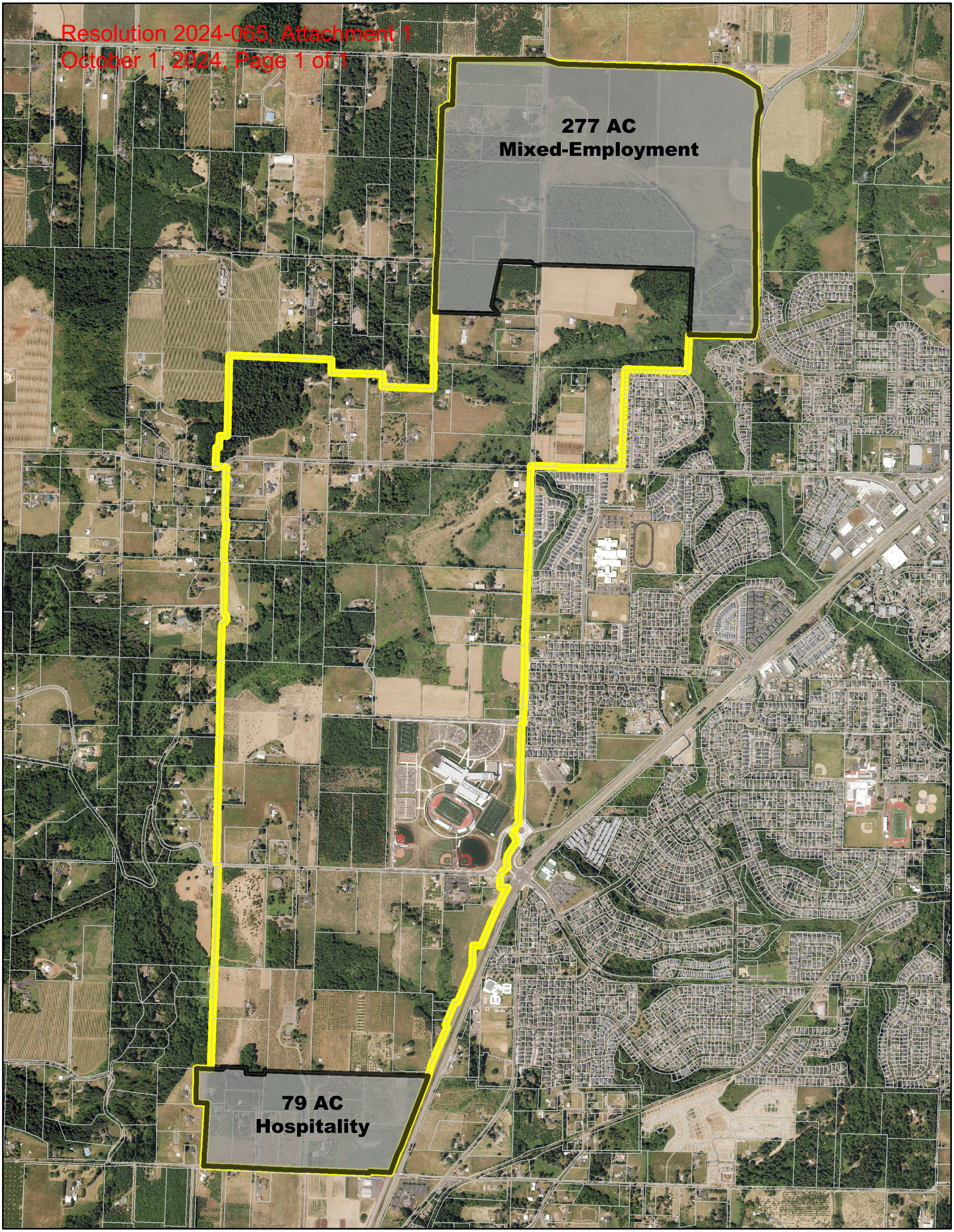
Section 4. This Resolution shall take effect immediately upon its passage by the Council and signature by the Mayor.

Duly passed by the City Council this 1st day of October 2024.

____
Tim Rosener, Mayor

Attest:

____
Sylvia Murphy, MMC, City Recorder


Resolution 2024-065, Attachment 1
October 1, 2024, Page 1 of 1
277 AC
Mixed-Employment
79 AC
Hospitality

Sherwood West

Preliminary Infrastructure Funding Strategy

Date September 19, 2024

To Eric Rutledge, City of Sherwood

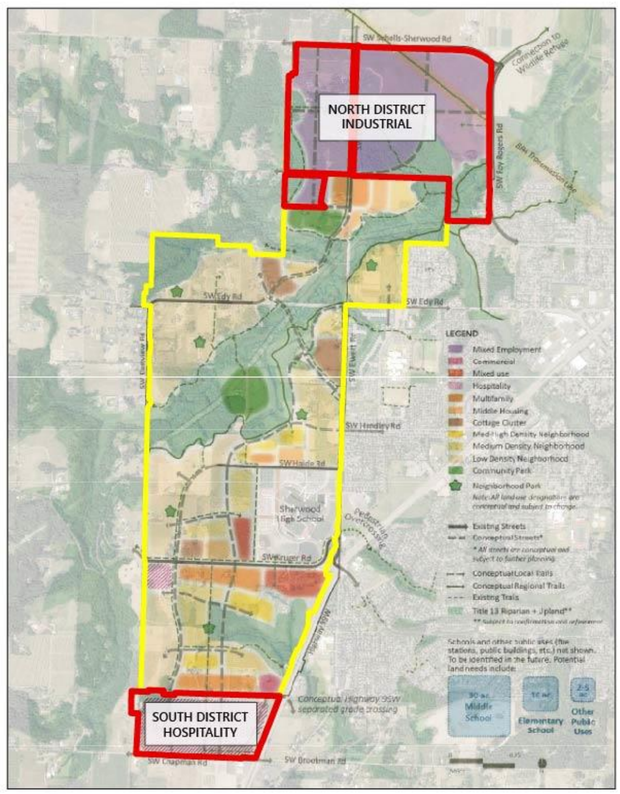
From Ellen Bini, Leland Consulting Group
Chris Zahas, AICP, Leland Consulting Group

Introduction

This Preliminary Infrastructure Funding Strategy memorandum explores the costs of developing infrastructure to support an expansion of Metro's Urban Growth Boundary (UGB) for commercial and industrial development purposes in Sherwood. This study follows previous infrastructure funding strategies for this area—including a strategy developed by Leland Consulting Group in connection with the Sherwood West Concept Plan in March 2023, revised in February 2024—as well as a preliminary exploration of infrastructure costs and funding tools developed during the 2016 Sherwood West Preliminary Concept Plan.

This memorandum is organized as follows:

- **Infrastructure Funding Gap Analysis.** We present a high-level summary of expected infrastructure costs required to make priority districts of the Sherwood West area developable, and compare them to the system development charges (SDCs) and other development impact fees that would be generated by new development in the Sherwood West area to help pay for such infrastructure. This calculation identifies funding gaps that will need to be addressed for the Sherwood West area to build out. The types of infrastructure evaluated in this memorandum include water, sanitary sewer, storm water, parks, and transportation.
- **Funding Toolkit and Strategy.** To address the anticipated funding gaps, the memo identifies potential funding tools and strategies that could supplement the baseline SDC revenues to make development feasible. This memo builds upon the tools discussed in the 2016 Sherwood West Preliminary Concept Plan and recommends those that have the most promise for filling any funding shortfalls.



In all steps of this analysis and throughout this memorandum, the focus is on regional infrastructure necessary to provide access or utility service to development parcels. For the most part, this means major arterials, collectors, water pump facilities, and stormwater drainage systems that will serve multiple parcels within Sherwood West. Roads and infrastructure internal to development sites are not considered here and are assumed to be a developer cost.

Catalyst Projects

Based on City priorities and existing infrastructure availability, it is anticipated that the North and South districts will develop first and are the subject of this analysis. The North District is best suited for employment uses that support the City's economic development goals, and the 2023 Concept Plan accordingly showed a future focus on mixed employment uses in this area—whereas for the South district, this study considers costs for a southern segment of the Sherwood West Concept Plan area that was envisioned for hospitality development west of Highway 99W. As shown below, transportation projects account for the largest share—55 percent—of infrastructure costs anticipated in the North district, with costs for water infrastructure projects leading in the South (Table 1). No parks costs are accounted for, given the commercial and industrial development envisioned, but revenues will be generated by the new development and are included in the gap analysis.

Table 1. Estimated Infrastructure Costs by District and Category

	Water		Sanitary		Storm		Parks		Transportation		Total District
	Costs	%	Costs	%	Costs	%	Costs	%	Costs	%	Costs
North District	$8,662,500	29%	$0	0%	$4,725,000	16%	$0	0%	$16,213,000	55%	**$29,600,500**
South District	$15,202,300	50%	$1,428,750	5%	$925,000	3%	$0	0%	$13,003,800	43%	**$30,559,850**

Source: City of Sherwood

A list of the specific infrastructure projects included in this study can be found in Table 2. Across the districts, transportation projects represent the highest-cost category, at 47 percent, followed by water at 42 percent. It is expected that a large proportion of transportation project costs will be paid by developers on a project-by-project basis, though the City will need to plan for capital projects serving the area, which pose significant costs and challenges throughout the area given the terrain, the presence of significant natural areas, and the current parcelization.

Table 2. Highest-Cost Infrastructure Projects, North and West/Southwest Districts

Project	Cost	Type	District	% of Hard Costs
Elwert Road	$5,280,000	Transportation	North	15%
Chapman Road (full)	$4,860,000	Transportation	South	14%
Pump Facility	$4,500,000	Water	South	13%
Scholls Sherwood (partial)	$2,440,000	Transportation	North	7%
New Collector (2-lane)	$2,112,000	Transportation	South	6%
Roy Rogers	$1,836,000	Water	North	5%
Scholls-Sherwood	$1,830,000	Water	North	5%
Elwert Road	$1,584,000	Water	North	5%
New Collector	$1,564,000	Water	South	5%
Elwert/Scholls Intersection	$1,500,000	Transportation	North	4%
Chapman Road	$1,446,000	Water	South	4%
Scholls-Sherwood Facility	$1,250,000	Storm	North	4%
Elwert Facility	$1,250,000	Storm	North	4%
Highway 99	$840,000	Water	South	2%
Highway 99	$775,000	Sanitary	South	2%
Water Finish Loop (partial)	$512,000	Water	South	1%
Regional Facilities	$500,000	Storm	South	1%
Chapman Road PRV	$200,000	Water	South	1%

Source: City of Sherwood

Infrastructure Funding Gap Analysis

Methodology

Table 3 compares expected infrastructure costs and revenues to calculate the funding surplus (positive amounts) or gap (negative amounts) that would be generated through development fees. Some notes on the methodology used are included below, with a detailed account of the methodology found in Appendix A.

Revenues. The primary revenues that will be used to fund infrastructure in the Sherwood West area include the City's system development charges (SDCs) and regional development impact fees, described further below. Some additional funds may be available from other public agencies and other local funding tools, described at the end of this memorandum. All revenues shown are based on a full build out of the areas highlighted in the revised proposed map included in Appendix B. This analysis does not consider the timing of infrastructure costs or revenues.

- **City System Development Charges.** The City of Sherwood System Development Charges (SDC) are "one-time fees charged to new development to help pay a portion of the water, sewer, storm, parks and street costs associated with building infrastructure to meet needs created by growth."[1]
- **Clean Water Services (CWS) Regional Connection Charge (RCC).** Clean Water Services is a water resources management utility providing sanitary sewer and surface water management in Washington County. This analysis assumes RCC revenue will be available for funding sanitary sewer infrastructure expansion in the Sherwood West area.
- **County Transportation Development Tax (TDT).** The TDT, passed by Washington County voters in 2008, is a one-time charge on development (like an SDC) that funds transportation capital improvements designed to accommodate growth. A list of eligible projects is maintained by the County and is "generally limited to improvements on major roads (arterials and collectors) and selected transit capital projects."[2]

Costs. Infrastructure costs were provided by the City engineering team. Not included are costs internal to development projects, such as site preparation and construction, that will be paid by private developers. Though the findings below show a funding surplus for some utilities, if construction costs continue to increase as rapidly as they have in recent years, future market conditions may lead to a deficit. Cost estimates and infrastructure layouts are provided in Appendix C.

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[1] City of Sherwood, System Development Charges, accessed February 12, 2024.

[2] Washington County Department of Land Use and Transportation, Transportation Development Tax Annual Reports 2009–Present.

Table 3. Sherwood West Infrastructure Funding Gap Analysis

	Water	Sanitary Sewer		Storm	Parks	Transportation		Total w/ all Revenues	Total w/ City Revenues Only
Revenues to City of Sherwood	City SDC	City SDC	CWS RCC	City SDC	City SDC	City SDC	County TDT		
North Industrial	$2,549,335	$367,836	$913,573	$1,487,714	$1,229,935	$1,847,614	$11,578,629	$19,974,636	$7,482,434
South Hospitality	$1,222,820	$176,437	$26,009,676	$713,600	$5,379,515	$18,939,534	$59,443,065	$111,884,647	$26,431,906
Total Sources	**$3,772,155**	**$544,273**	**$26,923,249**	**$2,201,314**	**$6,609,450**	**$20,787,148**	**$71,021,694**	**$131,859,283**	**$33,914,340**
Costs to City of Sherwood									
North Industrial	$8,662,500	$0		$4,725,000	$0	$16,213,000		$29,600,500	$29,600,500
South Hospitality	$15,202,300	$1,428,750		$925,000	$0	$13,003,800		$30,559,850	$30,559,850
Total Uses	**$23,864,800**	**$1,428,750**		**$5,650,000**	**$0**	**$29,216,800**		**$60,160,350**	**$60,160,350**
Funding Surplus/Gap	-$20,092,645	$26,038,772		-$3,448,686	$6,609,450	$62,592,042		$71,698,933	-$26,246,010

Source: Leland Consulting Group

Findings

Across both scenarios, revenues generated under a full buildout of the North and South portions of the Sherwood West area are sufficient to cover estimated infrastructure costs for sanitary sewer, parks, and transportation, but not for water, or storm infrastructure. It is not unexpected to find a deficit for water infrastructure when considering that many local governments are challenged with funding infrastructure, and there are no regional revenues to support water infrastructure as in the case of sanitary sewer or transportation. Stormwater infrastructure shows a deficit, partly due to a reduction of assumed revenues (e.g., no CWS Regional Storm Drainage Improvement Charges were anticipated to be collected due to credits given for water detention and water quality projects, per City guidance). With an additional 45% reduction in assumed City storm water SDC collection (due to participation in water quality projects), a shortfall of roughly $3.4 million is found for stormwater projects.

This is a preliminary analysis and should be revisited as the City conducts additional infrastructure planning, as development is implemented, and as other aspects of development in Sherwood West change—including any significant changes to costs or timing of development.

Funding Toolkit and Strategy

Recommended Funding Strategies

A broad range of tools can be considered for supplementing the estimated development impact fee revenues identified above. LCG's recommendations are informed by recent development experience in the region and review of existing resources, including the Phasing and Funding Strategy prepared by ECONorthwest for the Preliminary Concept Plan in 2016, and the 2020 Washington County Infrastructure Funding Plan Toolkit (which provides guidance on funding transportation infrastructure in urban reserve areas specifically).

Federal Funding Sources. Particularly for the North District, the City should keep an eye on funding opportunities offered by the Economic Development Administration for the development of employment lands, and consider partnering with regional economic development entities such as Greater Portland Inc when applying for federal funding.

State Funding Sources. Business Oregon operates industrial and employment land readiness programs that may have the potential to fund infrastructure development in the Sherwood West area, particularly in the North District. Additional opportunities for road construction supporting economic development are available through the Oregon Department of Transportation (ODOT).

- **Special Public Works Fund.** Business Oregon's Special Public Works Fund provides low-cost financing to eligible municipalities for planning, design, and construction of utilities and facilities essential to industrial growth, commercial enterprise, and job creation. Eligible projects include capital improvements (acquisition, preliminary and final design, & engineering) or planning projects (technical and financial feasibility studies) that assist in developing industrial lands, supporting an immediate job creation/retention/expansion opportunity, or replacement of essential community facilities. Loan funding is available for financing small to large projects with favorable interest rates and terms up to 30 years or the useful life of the project, whichever is less, for most projects.
- **Immediate Opportunity Fund.** The purpose of this ODOT-administered fund is to support economic development through the construction and improvement of streets and roads. This fund may only be used when other sources of financial support are unavailable or insufficient.
- **Emerging Opportunities.** The City should watch the state legislature for additional funding opportunities and re-authorization of past funding sources. Examples include the state's Regionally Significant Industrial Sites (RSIS) program, through which local governments can receive state income tax reimbursements to help fund industrial site development, and the Semiconductor Industrial Lands Loan Program (SILL).

Regional Sources. In addition to potential state sources mentioned above, securing "outside" funding sources for needed infrastructure can help reduce costs on a dollar-for-dollar basis. Therefore, the City should seek to leverage additional existing funding through other government sources, including:

- **Major Streets Transportation Improvement Program (MSTIP).** MSTIP is a county-wide road improvement program funded by countywide property taxes. The 2023-2028 System of Countywide Interest Map identifies Elwert Road as an "eligible arterial/principal," and may receive funding through MSTIP as a major road. There is MSTIP funding for SW Roy Rogers Road, but not currently for the portion adjacent to Sherwood West.
- **Metropolitan Transportation Improvement Program (MTIP).** MTIP, overseen by Oregon Metro, "records how all federal transportation money is spent in the Portland metropolitan area" and monitors significant state and locally funded projects with an impact on air quality.[3] MTIP follows a four-year construction schedule and is updated every two to three years. Sherwood West projects may be eligible for the next round of MTIP funds.
- **Regional Flexible Funding**. Regional flexible funding for transportation projects, administered by Oregon Metro, provides "federal funding for investments in sidewalks, trails, and roadways in communities across the region." Regional funds not already allocated for ongoing commitments may be applied for by regional jurisdictions through a project selection process. Projects for the 2025-2027 cycle were selected in October 2022, but the City can plan to submit a project proposal for the next funding cycle. To be eligible for funding, the project will need to demonstrate alignment with regional investment priorities.

Supplemental SDC. Based on recent development experience in the region, especially Frog Pond West in Wilsonville, LCG recommends considering Supplemental SDCs to meet any funding gaps not closed by other sources. Supplemental SDCs are essentially additional SDCs for a sub-area of the City, paid by developers. By using the SDC tool, costs can be shared across multiple developers over time. As with standard SDCs, developers can be credited and/or reimbursed for oversized infrastructure that they construct that benefits other developers and/or the city as a whole. As with any development cost, the costs of supplemental SDCs will ultimately get passed on to homebuyers and commercial and residential tenants in the form of higher housing costs and rents. The next steps

[3] Oregon Metro, Regional Flexible Funding Allocation Overview, accessed February 12, 2024.

to implementing a supplemental SDC would involve the following, which should be managed by City staff with the support of a municipal finance consultant:

- Ongoing refinement of project engineering and costs;
- Outreach to property owners and developers to refine development projections and phasing and to negotiate the specifics of a potential fee;
- Financial modeling of a potential fee, including identification of specific projects that would be included in the fee and exploration of scenarios that might vary the fee in different parts of the Sherwood West area;
- Engagement of the Sherwood City Council and Planning Commission;
- Development of a final proposal for adoption.

Additional funding strategies

Additionally, the three funding tools identified as preferred in the Preliminary Concept Plan (in addition to supplemental SDCs) could also be considered, but would be a lower priority than supplemental SDCs, regional, and state sources:

- **Local Improvement District (LID).** "An LID is a special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space."[4] With LIDs, landowners within the district are assessed a fee based on the proportional benefits they receive from the district, established at inception. LIDs typically require the approval of 60 percent of the affected property owners in the district. Owners benefit from paying costs over time and the City's access to a lower interest rate than typically available through commercial lending.[5] LIDs would have much the same impact as a supplemental SDC, therefore LCG recommends focusing on a supplemental SDC as the primary tool before considering using LIDs.
- **Utility fees**: Utility fees for regional infrastructure are much less common in Oregon and, while allowed, would be relatively unique and less familiar to developers than a supplemental SDC. A utility fee also would be paid by end users (homeowners and tenants) and could therefore create a timing issue where revenues aren't realized until after the infrastructure is built.
- **Property Tax (GO) Bonds**: While citywide general obligation (GO) bonds backed by a temporary increase in property tax rates are a legal option for consideration, the need for a public vote and the fact that all city residents would bear the funding burden limits the appropriateness of this tool to infrastructure projects that have a citywide benefit. Given the need for a public vote and the greater ease of implementing other tools, LCG does not recommend GO bonds as a funding tool for Sherwood West.

Urban Renewal was also considered in the previous Phasing and Funding Strategy, but not as a preferred tool. Nevertheless, it could potentially be used with some caveats as discussed here. Through tax increment financing, urban renewal can help pay for infrastructure through the increase in property taxes that occur in the urban renewal area over time. Urban renewal is typically implemented in existing areas of a city where revitalization is desired or there is a need to address specific infrastructure deficiencies that are barriers to new investment, and its use in new undeveloped areas of the city may face political challenges in implementation. There are also strict limits on how much of a city can be within an urban renewal district, both by taxable value and geographically. This would need to be considered since Sherwood already has two existing urban renewal areas.

[4] ECONorthwest, Preliminary Concept Plan Phasing and Funding Strategy, 2016.

[5] Municipal Research and Services Center of Washington, Local Improvement Districts (LIDs), November 2023.

Conclusion

Key findings of this preliminary infrastructure funding strategy analysis include:

- Development envisioned for the focus areas of this analysis include employment uses in the North and hospitality uses along Highway 99W in the South.
- Several infrastructure projects are catalytic to making development possible in these areas. Transportation projects are projected as the highest-cost, including the extension of Elwert Road in the North and a new 2-lane collector in the South. Additional catalytic projects include expanding water service, which represents a particularly high cost in the South.
- Preliminary analysis shows a shortfall for water and storm infrastructure, and a surplus in transportation, sanitary sewer, and parks when regional connection charge revenues to Clean Water Services are included for sanitary sewer, and County TDTs for transportation.
- A range of funding tools for supplementing shortfalls exist—including regional and state sources, as well as supplemental SDCs.
- Next steps involve continued refinement of projects and costs and financial modeling and discussions with developers on a potential supplemental fee.

Appendix A: Methodology

The following assumptions were made for the Sherwood West Concept Plan Preliminary Infrastructure Funding Strategy revenue gap analysis, which compares estimated System Development Charge (SDC) revenues and other impact fees from future development to the costs of necessary infrastructure improvements for Sherwood West.

Cost Calculation

- Costs were supplied by the City for the North and South districts (see Appendix B for a map that city engineers used to develop sector cost estimates).
- Cost assumptions for planned offsite capital improvement projects that would benefit development in these areas were not included, per City guidance.

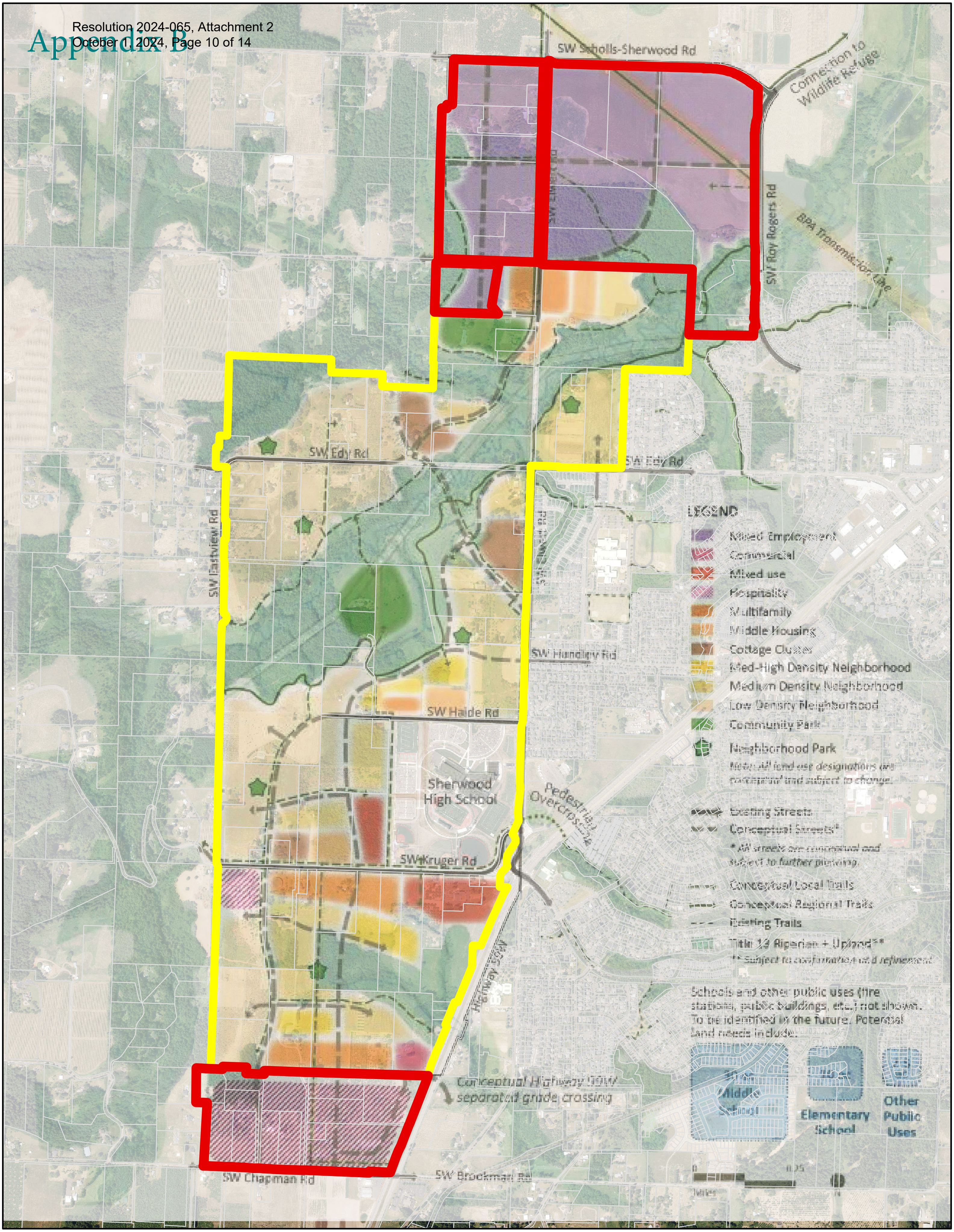
Revenue Calculation

<table>
<tr><th></th><th>Revenue Calculation Methodology</th></tr>
<tr><td>Water</td><td>For all mixed employment and hospitality uses:
Net acreage * 2.05 * 5/8-3/4” meter SDC
• The 2.05 multiplier is derived from the 2015 Sherwood Water Master Plan’s estimate of 437 gallons per day per buildable acre for non-residential uses, divided by the 213 gallon per day per Equivalent Residential Unit (ERU) per buildable acre estimate.</td></tr>
<tr><td>Sanitary Sewer</td><td>City SDC
For all mixed employment and hospitality uses, an estimated gallon per day multiplier was applied to net acreage.
Net acreage * 2.91 * SDC
• The 2.91 multiplier is derived from the 2015 Sherwood Water Master Plan’s estimate of 437 gallons per day per buildable acre of water use for non-residential uses divided by the 150 gallon per day to convert to EDUs.[6]
• The SDC reimbursement and improvement charge for the UGB Minus Brookman and Tonquin Employment Area was used.
CWS RCC calculation
CWS RCC charges are based on a fixture count method—or the number of fixtures (such as sinks) contributing to the sewage system. According to the CWS rate schedule (pg. 20), 1 Dwelling Unit Equivalent = 16 fixture units. Employment land was translated into fixture units (FU) as follows:
((Net acreage * FAR * 43,560)/avg SF per business) * (multiplier * RCC)
A FAR assumption was applied to net acreage, and divided by average square foot for business assumptions.</td></tr>
</table>

[6] The City’s 2016 Sewer Master Plan estimates 850 gallons-per-acre per day (gpad) for employment industrial and 1,000 gpad for commercial zones. However, since sewage uses are conventionally balanced with water use, the lower and more conservative water use number was used for sanitary sewage SDC revenue calculations.

	• Mixed Employment: FAR 0.35; 46,000 SF per business • Hospitality: FAR 1.5; 6,000 SF per business The resulting estimated business count was multiplied by the RCC charge, with a multiplier applied based on estimated sanitary sewer intensity of the business type. This multiplier was based on average fixture units for industrial and commercial businesses, using data provided by the City: • Mixed Employment: 3.1 = 50 average FU divided by 16 • Hospitality: 5.6 = 90 average FU divided by 16
Stormwater	Stormwater system SDCs are based on equivalent service units (ESU), where 1 ESU = 2,640 square feet of impervious surface area (estimated at 80% of net acreage). **(Impervious acres*(43,560/2,640)) * SDC** • The ESU rate was discounted by 45% with the expectation that many users will receive a 45% discount for designs that support water quality. • Note: the CWS Regional Storm Drainage Improvement Charge was not tracked because most users have charges waived because their projects provide water quality as well as water detention services.
Parks	A fee per employee was charged. Number of employees were estimated based on Floor Area Ratio (FAR) assumptions and square foot per job assumptions. **(Net acreage * FAR * (43,560/SF per job)) * SDC** Floor Area Ratio (FAR) assumptions: • Mixed Employment: 0.35 • Hospitality: 1.5 SF per job assumptions: • Mixed Employment: 1,000 SF per job (conservative assumption based on manufacturing category estimates from City data) • Hospitality: 470 SF per job (retail estimate from City data) The non-residential SDC rate was applied per job.
Transportation	For both City SDCs and County TDTs, fees were applied per 1,000 square feet of gross floor area (TSFGFA), after applying an FAR assumption to net acreage. **(Net acreage * FAR * (43,560/1,000)) * SDC or TDT** Floor Area Ratio (FAR) assumptions: • Mixed Employment: 0.35 • Hospitality: 1.5 SDCs and TDTs for the following "Types" were used: • Mixed Employment: average of "General Light Industrial" and "Manufacturing" rates • Hospitality: "Shopping Center." While the City and County have separate SDCs for Hotel/Motel uses, because they are calculated based on the number of hotel rooms—which cannot be estimated at this preliminary stage—and because development in this area will consist of a diversity of development (including retail and restaurants), the Shopping Center SDC/TDT was retained as an estimate.

Appendix B


SW Scholls-Sherwood Rd
Connection to Wildlife Refuge
SW Elwert Rd
SW Roy Rogers Rd
BPA Transmission Line
SW Edy Rd
SW Edy Rd
SW Eastview Rd
SW Handley Rd
SW Haide Rd
Sherwood High School
Pedestrian Overcrossing
SW Kruger Rd
Highway 99W
Conceptual Highway 99W separated grade crossing
SW Chapman Rd
SW Brookman Rd
LEGEND
Mixed Employment
Commercial
Mixed use
Hospitality
Multifamily
Middle Housing
Cottage Cluster
Med-High Density Neighborhood
Medium Density Neighborhood
Low Density Neighborhood
Community Park
Neighborhood Park
Note: All land use designations are conceptual and subject to change.
Existing Streets
Conceptual Streets*
* All streets are conceptual and subject to further planning.
Conceptual Local Trails
Conceptual Regional Trails
Existing Trails
Title 13 Riparian + Upland**
** Subject to confirmation and refinement.
Schools and other public uses (fire stations, public buildings, etc.) not shown. To be identified in the future. Potential land needs include:
Middle School
Elementary School
Other Public Uses
0
0.25
Miles

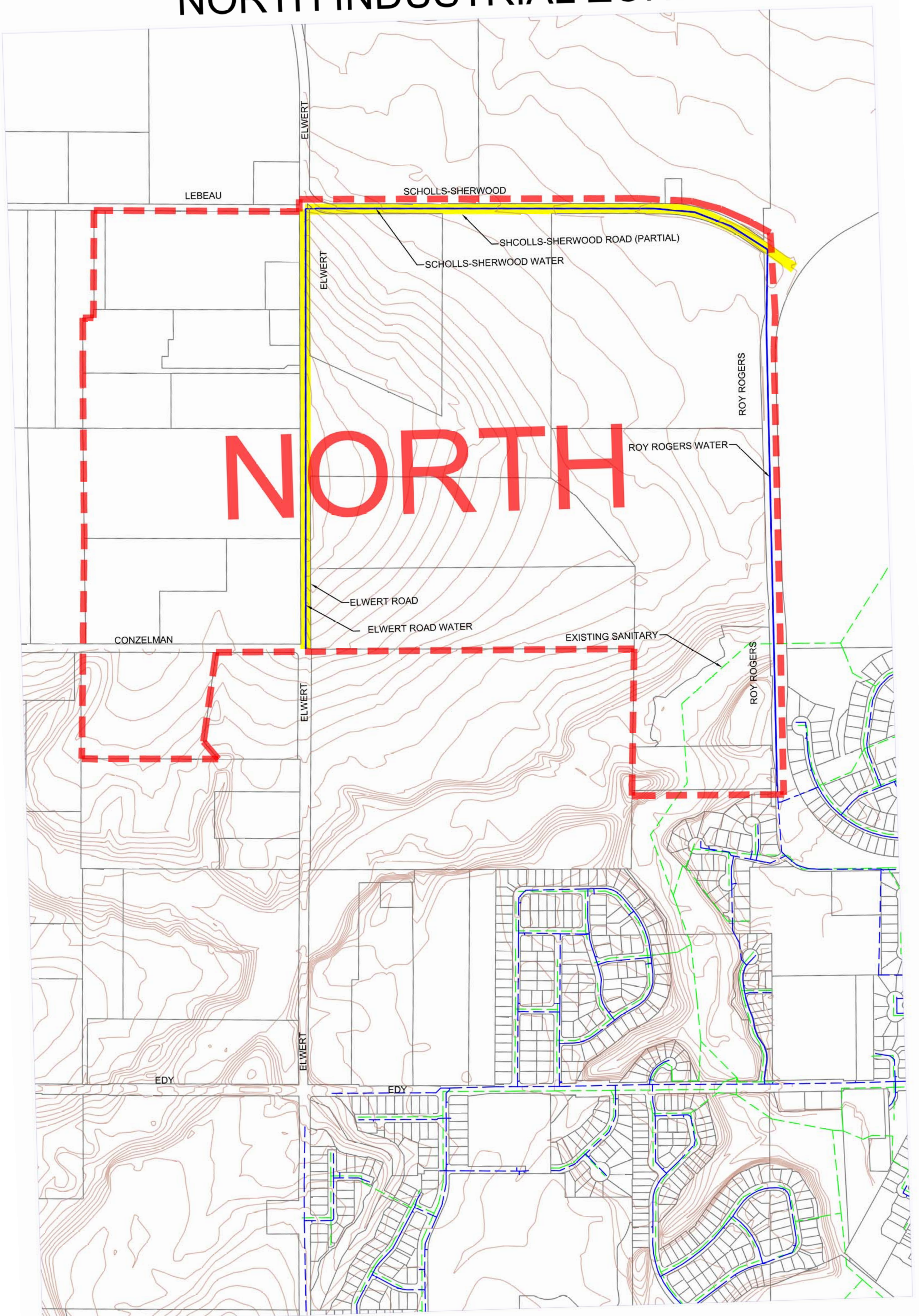
Cost Estimate for Public Infrastrucure for Sherwood West

NORTH ZONE INDUSTRIAL			
Public (Street) Transportation Infrastructure			
Street Segment	Length	Cost per Length	Cost
Elwert Road	2640	$ 2,000.00	$ 5,280,000.00
Elwert/Scholls Intersection	1	$ 1,500,000.00	$ 1,500,000.00
Remove Elwert Road	0	$ 600,000.00	$ -
Scholls Sherwood (partial)	3050	$ 800.00	$ 2,440,000.00
		Subtotal	*$ 9,220,000.00*
		Design Costs	$ 1,844,000.00
		Construction Mangement	$ 1,844,000.00
		Land Acquisition	$ 1,000,000.00
		Contingency (25% of Const.)	$ 2,305,000.00
		Total	$ 16,213,000.00
Storm Improvements			
Extension to Chicken Creek	0	$ 500.00	$ -
Elwert Road	0	$ 1,000.00	$ -
Scholls-Sherwood (Partial)	0	$ 500.00	$ -
Scholls-Sherwood Facility	1	$ 1,250,000.00	$ 1,250,000.00
Elwert Facility	1	$ 1,250,000.00	$ 1,250,000.00
Chicken Creek Crossing	0	$ 1,000,000.00	$ -
(Assume No Bridge)			$ -
		Subtotal	*$ 2,500,000.00*
		Design Costs	$ 500,000.00
		Construction Mangement	$ 500,000.00
		Land Acquisition	$ 600,000.00
		Contingency (25% of Const.)	$ 625,000.00
		Total	$ 4,725,000.00
Sanitary Improvements			
Trunk Line	0	$ 500.00	$ -
Chicken Creek Crossing	0	$ 750.00	$ -
		Subtotal	$ -
		Design Costs	$ -
		Construction Mangement	$ -
		Land Acquisition	$ -
		Contingency (25% of Const.)	$ -
		Total	$ -
Water Improvements			
Scholls-Sherwood	3050	$ 600.00	$ 1,830,000.00
Elwert Road	2640	$ 600.00	$ 1,584,000.00
Roy Rogers	3060	$ 600.00	$ 1,836,000.00
		Subtotal	*$ 5,250,000.00*
		Design Costs	$ 1,050,000.00
		Construction Mangement	$ 1,050,000.00
		Contingency (25% of Const.)	$ 1,312,500.00
		Total	$ 8,662,500.00
		Total ALL	$ 29,600,500.00

Cost Estimate for Public Infrastrucure for Sherwood West

South Hospitality Zone					
Public (Street) Transportation Infrastructure					
Street Segment	Length	Cost per Length		Cost	
New Collector (2-lane)	1320	$	1,600.00	$	2,112,000.00
Chapman Road (full)	2430	$	2,000.00	$	4,860,000.00
			Subtotal	*$*	*6,972,000.00*
		Design Costs		$	1,394,400.00
		Construction Mangement		$	1,394,400.00
		Land Acquisition		$	1,500,000.00
		Contingency (25% of Const.)		$	1,743,000.00
			Total	$	13,003,800.00
Storm Improvements					
New Collector (2-lane)	0	$	400.00	$	-
Chapman Road (full)	0	$	1,000.00	$	-
	0	$	-	$	-
Regional Facilities	1	$	500,000.00	$	500,000.00
			Subtotal	*$*	*500,000.00*
		Design Costs		$	100,000.00
		Construction Mangement		$	100,000.00
		Land Acquisition		$	100,000.00
		Contingency (25% of Const.)		$	125,000.00
		Total		$	925,000.00
Sanitary Improvements					
Highway 99	1550	$	500.00	$	775,000.00
	0	$	-	$	-
			Subtotal	*$*	*775,000.00*
		Design Costs		$	155,000.00
		Construction Mangement		$	155,000.00
		Land Acquisition		$	150,000.00
		Contingency (25% of Const.)		$	193,750.00
		Total		$	1,428,750.00
Water Improvements					
Highway 99	1400	$	600.00	$	840,000.00
Chapman Road	2410	$	600.00	$	1,446,000.00
Chapman Road PRV	1	$	200,000.00	$	200,000.00
Pump Facility	1	$	4,500,000.00	$	4,500,000.00
Water Finish Loop (partial)	1280	$	400.00	$	512,000.00
New Collector	3910	$	400.00	$	1,564,000.00
		Subtotal		*$*	*9,062,000.00*
		Design Costs		$	1,812,400.00
		Construction Mangement		$	1,812,400.00
		Land Acquisition		$	250,000.00
		Contingency (25% of Const.)		$	2,265,500.00
		Total		$	15,202,300.00
		Total ALL		**$**	**30,559,850.00**

NORTH INDUSTRIAL ZONE



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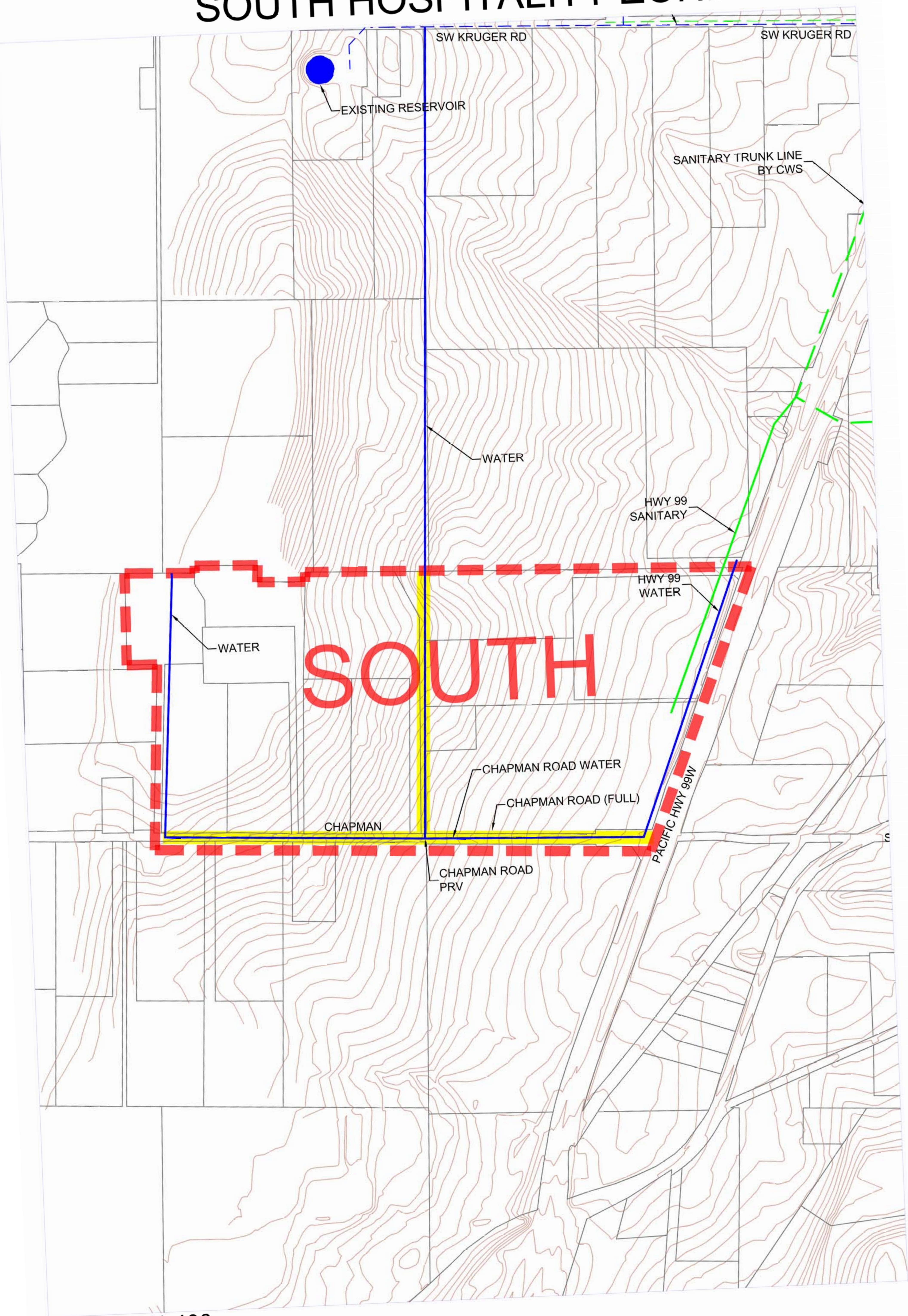
SOUTH HOSPITALITY ZONE



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METRO URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN TITLE 11 FINDINGS FOR SHERWOOD WEST – INDUSTRIAL AND HOSPITALITY EXPANSION

Compliance with Metro Code 3.07.1110

FROM:	Eric Rutledge, Community Development Director
DATE:	September 2024

INTRODUCTION

The Sherwood West Concept Plan (Concept Plan) is a long-range plan intended to guide Sherwood community members, decision makers, and staff as they make plans and decisions about future growth in Sherwood West. The Concept Plan illustrates how a portion of Sherwood West, Metro's Urban Reserve Area 5b, can be incorporated into the fabric of the city.

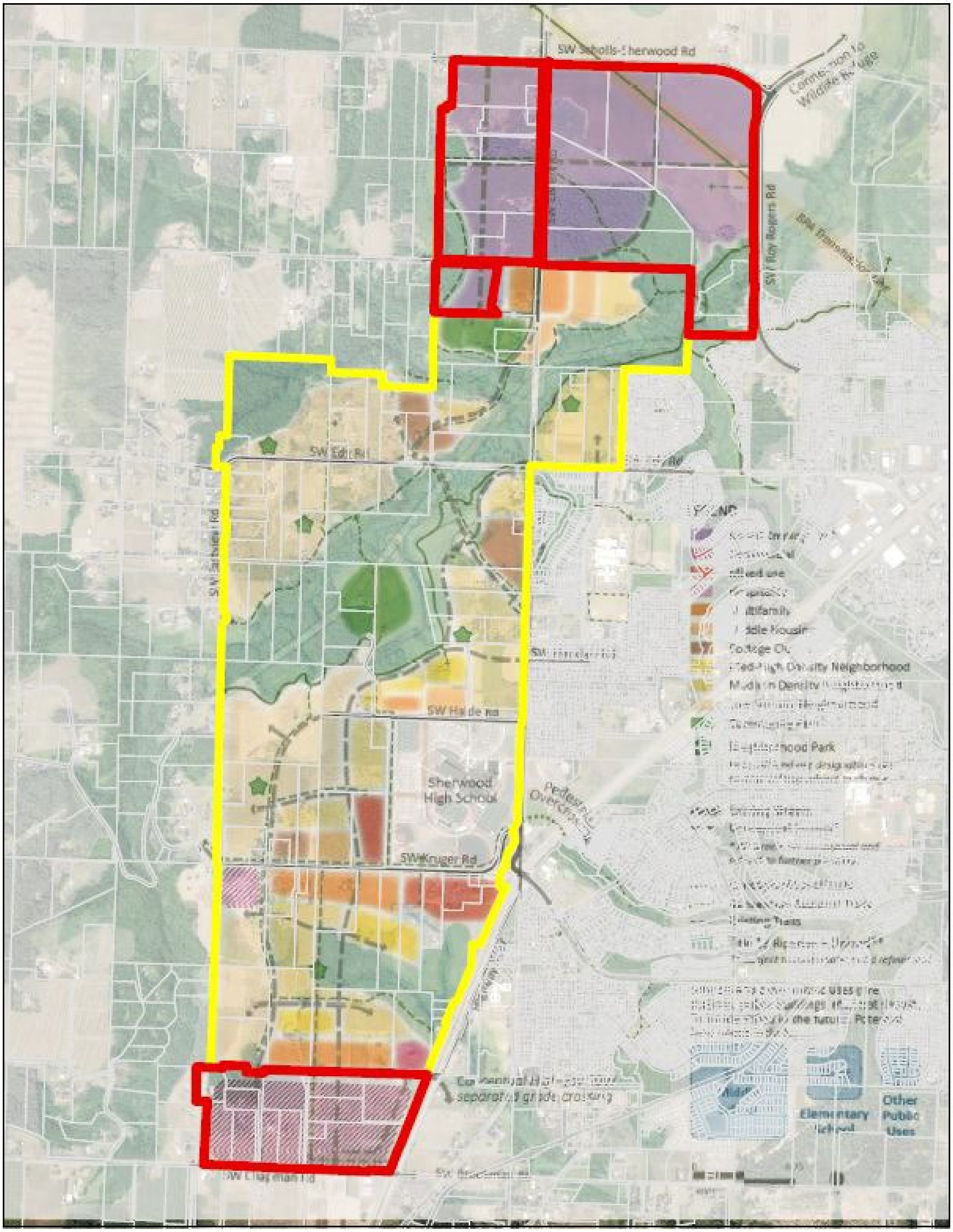
The City is requesting expansion of a portion of the Sherwood West planning area as part of the 2024 Urban Growth Management Decision. The proposal is for an approximately 312-acre expansion including land for future industrial and hospitality uses. The City will consider a UGB expansion for the remaining portions of the Sherwood West Concept Plan in future legislative or mid-cycle opportunities.

The City acknowledges the requirements of Metro Code Section 3.07.1420 - 1425, Legislative Amendment to the UGB, and has actively participated in the growth management process being led by Metro. If a regional need for additional employment land exists, the City respectfully requests the industrial and hospitality portions of Sherwood West depicted in Figure 1 below be brought into the Urban Growth Boundary in 2024.

The findings in this memorandum demonstrate the plan's compliance with Title 11 of Metro's Urban Growth Management Functional Plan (UGMFP). Specifically, these findings address Metro Code Section 3.07.1110, Planning for Designated Urban Reserves, which are concept planning requirements. Once the identified portions of Sherwood West are brought into the UGB, Sherwood will begin the comprehensive planning process.

The Sherwood West Concept Plan was accepted by the Sherwood City Council on July 18, 2023 and re-accepted on March 5, 2024 to incorporate the North District Refinement Study. Appendix O – Preliminary Infrastructure Funding Strategy – has been updated to reflect an industrial and hospitality zone only expansion.

Figure 1: Sherwood West Concept Plan Area – proposed expansion area shown in red



METRO TITLE 11: PLANNING FOR NEW URBAN AREAS

Section 3.07.1110 Planning for Areas Designated Urban Reserve

(a) The county responsible for land use planning for an urban reserve and any city likely to provide governance or an urban service for the area, shall, in conjunction with Metro and appropriate service districts, develop a concept plan for the urban reserve prior to its addition to the UGB pursuant to sections 3.07.1420, 3.07.1430 or 3.07.1435 of this chapter. The date for completion of a concept plan and the area of urban reserves to be planned will be jointly determined by Metro and the county and city or cities.

Response: The City of Sherwood will provide governance and most urban services in Sherwood West. The City has taken the lead on concept planning the area through a Metro Planning and Development Grant. Engaging with Sherwood residents and urban service providers was considered essential for producing a plan that reflects community values while creating a livable community with high quality public services. Metro, Washington County, and other key service districts were included in the planning process. The Sherwood West Citizen's Advisory Committee (CAC) and Technical Advisory Committee (TAC) guided staff in development of the plan over the course of 26 public meetings (13 with each committee).

The CAC was made up of 16 community members who live or own property in Sherwood city limits and Sherwood West, including city residents serving on Sherwood's Parks Board, Planning Commission, City Council, and one representative from the Sherwood School District. The TAC was comprised of representatives of urban service providers, local jurisdictions, and stakeholder groups including Metro, Washington County Department of Land Use and Transportation, City of King City, Tualatin Valley Fire and Rescue, Clean Water Services, Oregon Department of Transportation, Tualatin River National Wildlife Refuge, Home Building Association of Greater Portland and the Commercial Real Estate Development Association.

The City acknowledges the requirements of Metro Code Section 3.07.1420 – 1425 and has participated in the 2024 growth management decision process. Staff and elected officials from the City are serving on the Land Use Technical Advisory Committee (LUTAG) and Stakeholder Roundtable group.

(b) A local government, in creating a concept plan to comply with this section, shall consider actions necessary to achieve the following outcomes:

(1) If the plan proposes a mix of residential and employment uses:

(2) If the plan involves fewer than 100 acres or proposes to accommodate only residential or employment needs, depending on the need to be accommodated:

Response: The proposed employment land expansion is for approximately 312-acres, including 79-acres of hospitality land and 233-acres of industrial land. No residential uses are proposed.

(c) A concept plan shall:

(1) Show the general locations for any residential, commercial, industrial, institutional and public uses proposed for the area with sufficient detail to allow estimates of the cost of the public systems and facilities described in paragraph (2);

Response: The City of Sherwood places a high priority on well-planned, efficient land uses and public infrastructure to serve new development. Figures 8 and 13 of the Concept Plan show the proposed land use and transportation system for Sherwood West. The Concept Plan's Preliminary Infrastructure Funding Strategy (Concept Plan Appendix O) is consistent with City priorities and implements Concept Plan Goal #6, which states "growth and development are well-planned, and implementation of the area is pragmatic."

The Preliminary Infrastructure Funding analysis includes planning level cost estimates for non-local infrastructure projects in Sherwood West and compares those to potential revenues that will be generated under current City, County, and CWS System Development Charges (SDCs). Local infrastructure is expected to be provided by the developer. The analysis shows a revenue shortfall for water and storm and a surplus for transportation, sanitary sewer and parks.

The funding gap analysis includes a wide range of options for how the City will make up the difference in revenue including supplemental SDCs specific to Sherwood West, Local Improvement Districts, and grants and loans, among other options. The cost and revenue estimates for this analysis are rough estimates and will be refined in subsequent planning phases.

(2) For proposed sewer, park and trails, water and storm water systems and transportation facilities, provide the following:

(A) The general locations of proposed sewer, park and trail, water and stormwater systems;

Response: The general locations of the facilities listed in subsection (A) above are described and depicted throughout the Concept Plan and in Appendix O. As this is an employment land only expansion, no parks are proposed.

(B) The mode, function and general location of any proposed state transportation facilities, arterial facilities, regional transit and trail facilities and freight intermodal facilities;

Response: The Conceptual Street Framework, Concept Plan Figure 14 shows the location of existing and planned roads within Sherwood West. Figure 21 shows the potential for transit to connect Sherwood West development and trip generators in the existing city limits. The Infrastructure and Phasing memo, Concept Plan Appendix N, describes the arterials and collectors in additional detail. Three transportation concepts in the plan include:

Transit Readiness: Sherwood West is planned to be transit ready. The plan helps Sherwood West be transit ready by planning land uses, streets, and trails to accommodate and support future transit service. Concept Plan Figure 22 identifies potential future transit routes connecting Sherwood West and the regional Town Center.

Elwert Rd. Design: SW Elwert Road is a Washington County street and key north-south arterial providing access to and defining urban design in Sherwood West. Design concepts for the roadway are aimed at making Elwert Rd. a livable and positive addition to Sherwood West and the existing neighborhoods on its east side. SW Elwert Rd. is proposed as a safe, connected, and attractive boulevard with buffered sidewalks, bike lanes, a planted median with canopy trees, safe crossings, and path connections to key sites and destinations.

Potential Elwert Rd. Realignment: The Concept Plan examined whether to maintain the SW Elwert Rd. / SW Edy Rd. intersection at its current location or re-align the intersection to minimize impacts to existing wetlands and natural resources. The CAC and project team recommended the realignment approach, however, further analysis including a more in-depth environmental, engineering, and cost analysis will be necessary before the decision about the road's alignment is finalized. The Implementation section of the Concept Plan provides further details regarding the needs for these analyses, including coordination with Washington County.

(C) The proposed connections of these systems and facilities, if any, to existing systems;

Response: Most development can in the industrial and hospitality zones can be served be expanding existing street networks. The northern industrial district will be served by SW Roy Rogers Rd. and SW Scholls-Sherwood Rd. A new collector street is proposed to provide connectivity through the industrial zone. The hospitality zone in the south has frontage along Highway 99W and SW Chapman Rd.

(D) Preliminary estimates of the costs of the systems and facilities in sufficient detail to determine feasibility and allow cost comparisons with other areas;

Response: The cost and feasibility of infrastructure was a major focus of the planning process. Planning level design and cost estimates for infrastructure are included in the Preliminary Infrastructure Funding Strategy, Concept Plan Appendix O.

The cost and revenue estimates will be refined in subsequent planning phases. Please see the Infrastructure and Phasing Memo, Concept Plan Appendix N, and the Preliminary Infrastructure Funding Strategy, Concept Plan Appendix O for full details. Appendix N addresses infrastructure phasing for the entirety of Sherwood West under future UGB expansions beyond the 2024 cycle.

(E) Proposed methods to finance the systems and facilities; and

Response: Local infrastructure is generally provided by developers with development. Non-local infrastructure will be funded with a variety of methods. The City and Washington County collect SDCs for transportation and other urban utilities. Where existing rates of SDCs do not cover the cost of infrastructure, the Preliminary Infrastructure Funding Strategy (Appendix O) identifies potential funding sources and strategies to close the gap. These sources include:

- Federal funding sources such as the Economic Development Administration
- State Funding Sources including:
  - Special Public Works Fund
  - Community Paths Grants
  - Immediate Opportunity Fund
  - Emerging Opportunities within the state legislature (i.e. SB 1537; 2023)
- Regional Sources including:
  - Major Streets Transportation Improvement Program (MSTIP)
  - Metropolitan Transportation Improvement Program (MTIP)
  - Regional Flexible Funding
- Supplemental System Development Charges (SDCs), paid by developers

Additional sources of funds for infrastructure development identified as lower-priority options include:

- Local Improvement Districts (LIDs)
- Utility Fees
- Property Tax (General Obligation) Bonds
- Urban Renewal

(F) Consideration for protection of the capacity, function and safe operation of state highway interchanges, including existing and planned interchanges and planned improvements to interchanges.

Response: There are no existing or planned state highway interchanges in the Sherwood West area.

(3) If the area subject to the concept plan calls for designation of land for industrial use, include an assessment of opportunities to create and protect parcels 50 acres or larger and to cluster uses that benefit from proximity to one another;

Response: The Mixed Employment zone in the North District is envisioned as an industrial zone. This zone has favorable characteristics for siting industrial uses including large sites, relatively flat topography (less than 3-5% slopes), few property owners, and easy access to major freight routes. The North District Refinement Study evaluated opportunities to create and protect parcels greater than 50-acres (Table 6). The study concluded that opportunity exists on the east side of SW Elwert Rd. within the mixed-employment zone to create parcels larger than 50-acres. Taking into account City and County standards for streets and access, Table 6 indicates that an 83-acre net developable site can be created. Smaller parcels between 8 – 27 acres can be created on the west side of SW Elwert Rd. within the mixed-employment zone. While this criterion addresses large sites, the region is experiencing is a need for smaller industrial sites that can also be accommodated in Sherwood West.

Table 6: Mixed-employment zone parcel size analysis (Concept Plan Appendix R – Table 2)

TABLE 2: SCENARIO B POTENTIAL DEVELOPMENT SITES				
Site	**East or West of SW Elwert Road**	**Gross Area (acres)**	**Title 13 Area (acres)**	**Area outside Title 13 Area (acres)**
B1	West	15.4	0	15.4
B2	West	20.0	7.7	12.3
B3	West	35.3	7.8	27.5
B4	West	12.0	3.7	8.3
Total (West)	**West**	**82.7**	**19.2**	**63.5**
B5	East	95.8	12.7	83.1
B6	East	54.3	47.1	7.2
Total (East)	**East**	**150.1**	**59.8**	**90.3**
Total		**232.8**	**79.0**	**153.8**

Need for Large Sites

The 2023 Sherwood Economic Opportunities Analysis (EOA) indicates that the remaining employment land in the City's UGB is primarily composed of smaller lots of less than 10 acres and that there are no industrial building sites within the city or its UGB over 10 acres. The remaining small-sized parcels will not be suitable for the types of traded sector industries being targeted by the City and supported by recent state and federal initiatives (i.e. CHIPS). These include semiconductors and electronics, cleantech, advanced manufacturing, software and media, and other technology-focused companies that will create higher-paying jobs.

To accommodate the City's employment needs, the EOA indicates there is a need for 277 acres of additional land outside of the current UGB. Sherwood West represents the only viable location for the growth of these targeted industries in the urban reserve since traded sector companies require larger, flatter sites that can be assembled for maximum flexibility and productivity. Parcel sizes within the Sherwood West's North Employment District offer the necessary parcel sizes and slopes of less than 3 percent.

Based on feedback from the Technical Advisory Committee and local real estate brokers, maintaining flexibility in lot size is valuable in making sites attractive for development by employers. Thus, the City's preference is to have Metro designate the Mixed Employment portion of the North District as an Employment Area rather than an Industrial Area or a Regionally Significant Industrial Area.

(4) If the area subject to the concept plan calls for designation of land for residential uses, the concept plan will describe the goals for meeting housing needs for the concept planning area in the context of housing needs of the governing city, the county and the region if data on regional housing needs are available. As part of this statement of objectives, the concept plan shall identify the general number, price and type of market and non-market provided housing. The concept plan shall also identify preliminary strategies, including fee-waivers, subsidies, zoning incentives and private and nonprofit partnerships, that will support the likelihood of achieving the outcomes described in subsection B of this section;

Response: No residential land is proposed as part of the expansion.

(5) Show water quality resource areas, flood management areas and habitat conservation areas that will be subject to performance standards under Titles 3 and 13 of this chapter;

Response: Natural resources were mapped as part of the Concept Plan including those identified in Titles 3 and 13 (Concept Plan Figure 4). As part of the comprehensive planning process, the City will undertake an Economic, Social, Environmental, and Energy (ESEE) analysis to evaluate and determine protection programs for significant natural resources. Through discussion with Metro staff, the City understands that the previous ESEE analysis completed by Metro in 2005 likely considered rural development in its alternatives analysis. Once brought into the UGB, the ESEE analysis completed by the City will instead consider the benefits of urban development to identify the amount of allowable habitat impact.

(6) Be coordinated with comprehensive plans and land use regulations that apply to nearby lands already within the UGB;

Response: As described in subsections (3) and (4) above, the Concept Plan proposes land uses to address the City's shortage of employment lands pursuant to the adopted EOA. In this regard, the Concept Plan is coordinated with City's Comprehensive Plan and the allowed employment uses in the implementing regulations. Other coordination points include the Brookman Road Concept Plan, 2021 Parks Master Plan, 2016 Transportation System Plan, and other utility master plans. All of the adopted Master Plans, Concept Plans, and system plans were taken into consideration when planning for Sherwood West.

(7) Include an agreement between or among the county and the city or cities and service districts that preliminarily identifies which city, cities or districts will likely be the providers of urban services, as defined in Oregon Revised Statutes (ORS) 195.065(4), when the area is urbanized;

Response: The City and project team coordinated with service providers throughout the planning process. The application includes a copy of the existing Urban Planning Area Agreement between the City of Sherwood and Washington County and a new Intergovernmental Agreement between the jurisdictions. The application also includes Letters of Support from applicable urban service providers defined in ORS 195.065(4). A summary is provided below:

Table 7: Governance and Urban Services for the Sherwood West area

Urban Service	Likely Provider	Agency Coordination
Streets and Roads	City of Sherwood and Washington County	UPAA, IGA, Letter of Support
Sanitary Sewer	City of Sherwood and Clean Water Services	Letter of Support
Mass Transit	TriMet	Letter of Support
Fire Protection	Tualatin Valley Fire & Rescue	Letter of Support
Water	City of Sherwood	-
Parks, Recreation and Open Space	City of Sherwood	-

(8) Include an agreement between or among the county and the city or cities that preliminarily identifies the local government responsible for comprehensive planning of the area, and the city or cities that will have authority to annex the area, or portions of it, following addition to the UGB;

Response: The City of Sherwood and Washington County have an existing Urban Planning Area Agreement that defines responsibilities for comprehensive planning and annexation authority in Sherwood West. The agreement has been included as part of the application. The City is responsible for long-range planning and annexation of the Urban Reserve 5b (Sherwood West).

(9) Provide that an area added to the UGB must be annexed to a city prior to, or simultaneously with, application of city land use regulation to the area intended to comply with subsection C of section 3.07.1120; and

Response: Comprehensive Planning of Sherwood West will occur after the UGB expansion is approved and will comply with Metro Code section 3.07.1120(C) including any Conditions of Approval assigned in the approval ordinance. In addition to compliance with Metro Code and any Conditions of Approval, the City's Comprehensive Plan policies will apply. The City is also considering new annexation policy that would apply to areas within the UGB.

Sherwood 2040 Comprehensive Plan

Goal 3 – Ensure that the rate, amount, type, location and cost of new development will preserve and enhance Sherwood's quality of life so that it is accessible to all community members.

POLICY 3.3: Provide for compatible, phased, and orderly transition from rural to suburban or urban uses, reflecting Sherwood's landform on adjacent land outside Sherwood city limits or the Metro urban Growth Boundary.

POLICY 3.4: Ensure annexation to the City occurs in an orderly and coordinated manner, and services are provided to support urban growth consistent with the 2040 Vision.

(10) Be coordinated with school districts, including coordination of demographic assumptions.

Response: Sherwood West will be served by the Sherwood School District. As such, a representative of the School District served on the Citizens Advisory Committee and provided input on the plan throughout the planning process. The proposed schools within Sherwood West are based on demographic assumptions and include one new middle school and one new elementary school. The School District has provided a Letter of Support for Sherwood West which is included in the application.