



Home of the Tualatin River National Wildlife Refuge

SHERWOOD CITY COUNCIL MEETING MINUTES

22560 SW Pine St., Sherwood, Or

Pursuant to House Bill 4212 (2020), this meeting will be conducted electronically and will be live streamed at <https://www.youtube.com/user/CityofSherwood>

October 19, 2021

EXECUTIVE SESSION

1. **CALL TO ORDER:** Mayor Mays called the executive session to order at 5:34 pm.
2. **COUNCIL PRESENT:** Mayor Keith Mays, Council President Tim Rosener, Councilors Renee Brouse, Kim Young, Sean Garland, and Russell Griffin. Councilor Doug Scott was absent.
3. **STAFF PRESENT:** City Manager Keith Campbell, City Attorney Josh Soper, IT Director Brad Crawford, Finance Director David Bodway, Community Services Director Kristen Switzer, and Public Works Director Craig Sheldon.

4. TOPICS

A. ORS 192.660(2)(f), Exempt Public Records

5. ADJOURN

Mayor Mays adjourned the executive session at 6:12 pm and convened a work session.

WORK SESSION

1. **CALL TO ORDER:** Mayor Mays called the work session to order at 6:15 pm.
2. **COUNCIL PRESENT:** Mayor Keith Mays, Council President Tim Rosener, Councilors Doug Scott, Kim Young, Sean Garland, Renee Brouse, and Russell Griffin.
3. **STAFF PRESENT:** City Manager Keith Campbell, City Attorney Josh Soper, Community Services Director Kristen Switzer, IT Director Brad Crawford, Community Development Director Julia Hajduk, Public Works Director Craig Sheldon, Finance Director David Bodway, and City Recorder Sylvia Murphy.

OTHERS PRESENT: Deb Galardi with Galardi Rothstein Group.

4. TOPICS:

A. Water, Sanitary & Storm Operation Rates

Public Works Director Craig Sheldon explained that every two to three years the City reviewed their water. He referred to the presentation and explained that the commercial rates were not raised in July of 2021 and the 10-year plan had a lot of capital up front because of the treatment plant expansion as well as \$2 million for the Tonquin Employment Area water system. He continued that some funding for a future Public Works facility was included in the plan. Deb Galardi with Galardi Rothstein Group presented the "Water System Rate & SDC Update" PowerPoint presentation (see record, Exhibit A) and explained that the 2015 Master Plan identified the 20-year capital improvement needs for supply, treatment, and distribution as well as the improvements identified in the 2020 Seismic Resiliency Plan. She continued that additional planning refinement to costs associated with the Willamette River Water Treatment Plant and supply and the Willamette Governance Group was also included. She reported that rates were typically reviewed every couple of years, and this year would include a review of the SDCs. She explained that historically, the practice had been to generally apply the rate increases across the board to all rates, but the commercial rates were not increased for FY2022. She recapped that there had been some policy changes related to charging the City and school's irrigation accounts. She explained that the increases assumed in this plan update would be applied to all accounts that were currently being charged with some differences between commercial and residential. She recapped page 3 of the presentation and explained annual cash flow projections (revenues and requirements) were over 5-10 years. She explained that that as an enterprise fund, the system expenses and requirements were funded primarily by water service charges with some SDCs (system development charges) applicable to capital costs only. She stated that sources of funds included: reserves, service charges, SDCs, miscellaneous fees, and other (interest). She stated that operating expenses included: personnel, materials, contract services, utilities, and repair and maintenance. She stated capital financing included cash funded and debt service. She stated that other requirements included fund transfers and future capital reserves. She explained that because it was an enterprise fund, it was important to forecast water sales so they could accurately forecast water sales revenue as accurately as possible. She recapped that single family water use had increased in FY2021 and FY2022 due to COVID protocols and weather, and there had been a reduction in commercial. She reported that their forecast assumptions included a modest customer growth of 0.5-1.0% per year and an average use/account based on a 3-year average. Ms. Galardi explained that SDCs were highly variable because they were driven by growth and stated that the forecast was a \$400,000 average per year. She outlined that they also applied escalation factors to the budget and included: capital, salaries, benefits, and M&S. She recapped other forecast assumptions and stated they included interest earnings, a franchise fee, and water purchases. She addressed water purchases and explained that the City had generally gotten a payment back from the City of Wilsonville because Sherwood's portion of the costs had tended to be lower than the rates that were forecasted for at the beginning of the year. She explained that this was partially because usage assumptions were fairly conservative. She explained that when usage increased, costs did not also increase at that same rate because most of the costs are fixed for a given year, which drove the unit price down. She provided an overview of the capital improvement funding on page 6 of the presentation and explained that the table showed that it was comprised of two 5-year periods and was front loaded. She reported that capital improvement costs totaled roughly \$31 million over the 10-year period, \$21 million in the first five years. She referred to the Debt Proceeds line item under the Capital Funding Sources table and stated that no new debt had been assumed and explained that one of Sherwood's existing debt bonds would be paid off in the early 2030s. She commented that there would probably be another large expansion at the plant in the early 2030s and an additional bond may be needed. She explained that this plan was all about cash funding from both existing capital fund balances, some SDC revenue, operating transfers, other agency funding, and URA funding. She reviewed the CIP Phasing chart on page 7 of the presentation and reported that in 2023

there was a planned upgrade/expansion of the Willamette River Water Treatment Plant. She commented that that number was still being refined and that the hope was that it would come down slightly in price and would increase the capital fund balance. Other large improvements included transmission/distribution improvements in 2025 and a new Public Works facility to be partially funded by water in 2029-2030. She provided an overview of the water fund forecast chart on page 8 of the presentation and explained that the chart assumed an annual rate increase of 2% for residential and 3% for commercial. Council President Rosener commented that the large expenditure for the WRWTP upgrade/expansion was something the City had been planning for and was what the funds were intended to be used for, so he did not see it as a bad thing, only that the reserves needed to be built up again afterwards for the next big project. Mayor Mays commented that you should never assume that the City should not take out debt to finance if that meant having a larger reserve that was liquid if that was deemed to be important. Ms. Galardi replied that they could run that option and bring their results back to Council. She addressed the chart on page 8 and explained that the green bars were the capital transfers and stated that like the reserve line in the Capital Fund, the operating fund reserves also declined because the City would need to supplement the reserves in the Capital Fund with payments from the Operating Fund to meet the significant capital costs. She provided an overview of the combined projected reserves on page 9 of the presentation and explained that the future reserves did not include special capital reserves for specific projects and their calculations were based off a low range figure of six months operating costs and one year of debt service and an upper range of 12 months operating costs and one year of debt service. She reviewed the projected reserves with 2% across-the-board increases chart on page 10 and stated that the ending fund balance would be about \$1 million lower and below the benchmark range. Mayor Mays asked Ms. Galardi what would be changed about the rates and brought back to Council to discuss? Public Works Director Craig Sheldon replied that the next step would be for Finance Director David Bodway to bring this information to the Budget Committee and Council and review in the lead up to the budget so everyone would be on the same page before moving forward. He added that if Council did not want that, he could come back in early December and have an additional conversation regarding the rates. He continued that the sanitary and storm rates would be brought back for Council discussion at the December 7th meeting so they would have a better picture of the rates at that time. Discussion occurred. Ms. Galardi addressed SDCs and explained that they had added resiliency projects that were partially related to growth and improving the level of performance of facilities for existing development. She explained they had also updated costs where projects had been completed and fine-tuned the numbers to reflect developer funding where applicable. She reported that the increase in the total SDC for the smallest meter size of a typical single-family customer would be 10%. Mayor Mays asked how much of a new Public Works facility was eligible to be built by SDCs? Ms. Galardi replied that for facilities like that, they did a proportionate share based on population or water use and commented the average for a large facility like a Public Works facility was about 50% of the water share and the other systems would be incorporated in the SDCs of sanitary, storm and transportation. Mayor Mays asked if those numbers were included yet? Ms. Galardi replied that it was in the water numbers, but they were just presenting the water share tonight. Mayor Mays expressed his concern that the numbers were not accurate. Ms. Galardi provided an overview of the single family rate comparison chart on page 12 and commented that Tigard, Portland, Hillsboro, and Newberg were all projecting higher than 2% increases in the future. She provided an overview of the water SDC comparison for the smallest meter size chart on page 13 of the presentation. Council President Rosener asked if SDCs were based on water meter size? Ms. Galardi replied that was correct. Council President Rosener asked if that was a proxy for the assumptions of how much water they would be using. Ms. Galardi replied that was correct. Council President Rosener asked if using those parameters would still be an accurate way to calculate the SDCs if buildings were going to require sprinkler systems for fires since that would result in a higher volume? Mayor Mays commented that it would be modified and explained that a city cannot require a single-family detached home to be sprinkled. Council

President Rosener replied he was referring more to duplexes and triplexes. Ms. Galardi addressed financial resiliency and explained that consistent annual adjustments help to minimize rate spikes, and the City had been consistently increasing rates with the exception of the commercial charges in 2022. She reported that 30-40% of the annual revenue should come from fixed charges and commented that the City was on the lower end of the range but still within the range. She explained that having reserves helped to smooth out the CIP and also provide funds for emergencies. She provided an overview of the balancing pressure on rates and explained that steady consumption and customer growth, reduced debt interest costs (refinancing existing debt; limit future borrowing) and, leveraging existing reserves and developer funding were all downward pressure factors. While upward pressure factors included: significant capital investment was needed, existing debt burden through 2031, and catch-up from prior years with no rate increases. Public Works Director Sheldon referred to the forecasted costs for the upgrades to the WRWTP and reported that the City had signed an IGA with them for roughly \$9.5 million and commented that they were only at 60% drawings. He explained he would feel more confident giving Council a number when they got to 90%. He reported that there was a schedule for the treatment plant and stated it was on schedule and would be roughly a two year project. Mayor Mays asked that staff look into borrowing funds while interest rates were still low instead of drawing down the reserves. Mayor Mays commented he would be reviewing the presentation further and felt that 3% commercial may not be the appropriate number. He commented that he was uncomfortable with the numbers forecasted for the reserves and felt they were not sufficient, and he wished to review the SDCs. Mr. Sheldon reported that resiliency projects had been included in this plan, something they had not done before, and explained that it was a 50-year plan but there were some upfront costs that were loaded in. Mayor Mays asked when Council would hear the sewer and storm information? Mr. Sheldon replied that storm and sanitary rates was scheduled for the first Council meeting in December and commented that further discussion on what they had been presented at this meeting could also occur.

5. ADJOURN:

Mayor Mays adjourned the work session at 6:50 pm and convened a regular session.

REGULAR SESSION

- 1. CALL TO ORDER:** Mayor Mays called the meeting to order at 7:00 pm.
- 2. COUNCIL PRESENT:** Mayor Keith Mays, Council President Tim Rosener, Councilors Doug Scott, Kim Young, Sean Garland, Renee Brouse, and Russell Griffin.
- 3. STAFF PRESENT:** City Manager Keith Campbell, City Attorney Josh Soper, Community Services Director Kristen Switzer, IT Director Brad Crawford, Community Development Director Julia Hajduk, Public Works Director Craig Sheldon, Finance Director David Bodway, Police Captain Ty Hanlon, Legal Intern Cecilia Bremner, and City Recorder Sylvia Murphy.
- 4. APPROVAL OF AGENDA:**

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

Mayor Mays addressed the next agenda item.

5. CONSENT AGENDA:

- A. Approval of October 5, 2021 City Council Meeting Minutes**
- B. Resolution 2021-090 Authorizing the City Manager to Acquire Real Property**
- C. Resolution 2021-091 Reappointing Jason Wuertz to the Traffic Safety Committee**
- D. Resolution 2021-092 Reappointing Tony Bevel to the Traffic Safety Committee**

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

Mayor Mays addressed the next agenda item.

6. CITIZEN COMMENTS:

The City Recorder read aloud the comments submitted by Sherwood resident Barry Kennedy and stated he wished to discuss the preservation of a grove of trees that included a Silver Maple tree that was over 150 years old. He stated that the trees were to be removed in order to build a proposed three-story high rise of nine units on a .48 acre lot on North Sherwood Boulevard. He recapped that a virtual meeting was held on October 13th by CBTW Architects to present the proposed development project. Mr. Kennedy explained that there were four large Douglas Fir trees, one wild cherry tree, four Blue Spruce trees, and a Silver Maple that was over 150 years old on the site. He stated that he felt that the development was incompatible with the surrounding single story houses and apartments and would also add to the existing traffic congestion on North Sherwood Boulevard. He asked that the City declare the maple tree a heritage tree and also acquire the plot and make it into a City park for Gleneagle who did not have a park. Mr. Kennedy reported that only eight people showed up for the CBTW Architects Zoom meeting because the community was notified by "snail mail" not E-mail. He asked that the City hold a virtual meeting of residents, City Council, Planning Commission, and Parks Board to discuss what they can do to stop the removal of the trees and asked that the City Council preserve the trees, including perhaps the oldest living tree in Sherwood, and make the plot into a City park. He reported that they had measured the circumference of the trees and had noted that each tree had a metal tag with a number, which usually meant that the tree was to be removed. He stated he was concerned that the trees would be removed before the citizens had had the opportunity to express their input on the project. He reported that they estimated the Douglas Fir trees to be 72 years old and the Blue Spruce trees to be 62 years old. Mr. Kennedy continued that the developer for the proposed apartment complex on North Sherwood Boulevard needed to coordinate with PGE for clearance to nearby high voltage distribution power lines, as PGE required a minimum clearance of 10 feet during construction. They also have to determine if street trees can be planted under existing power lines.

Mayor Mays explained that there was a process for housing and if the developer met the prerequisites of the code, they could proceed with their development. He commented that the lot was a very challenging lot and he had seen a proposed rendering in which the development did not meet the required parking spaces for off-street parking. He explained that multiple people had looked into developing that lot over the years and had chosen to abandon their plans. Councilor Young added that she had spoken with Planning Manager Erika Palmer today and was notified that no formal applications had even been submitted yet, so there was nothing the City could do at this point.

Mayor Mays addressed the next agenda item. The City Recorder read the public hearings statement and reported that no public testimony had been received for the ordinance.

7. PUBLIC HEARINGS:

A. Ordinance 2021-009 Adding a new Chapter 5.34 to the Sherwood Municipal Code regarding non-residential leases *(Second Reading)*

Legal Intern Cecilia Bremner explained that the proposed ordinance would add a new chapter to the Sherwood Municipal Code, Chapter 5.34, and explained that the need for the new chapter was due to the fact that there had been some instances where tenants had not been aware of their restrictions on leased properties, either their use has not been allowed or there were significant fees associated with changing the purpose of the property. She stated the goal of the ordinance was to increase tenant awareness of use restrictions of non-residential leased properties through requiring a disclosure form and encouraging communication with the City. She stated that the proposed ordinance had been updated to include the changes discussed by Council at the first reading. She stated that the code was comprised of three sections and would have an effective date of December 1, 2021, if approved. She explained that the December effective date would allow staff time to contact landlords and time to publicly notice the proposed changes via the City website, social media posts, and sharing the information with the Chamber of Commerce. She reported that there had been a change to the disclosure section of the code, they had increased the number of days that tenants had to contact the City from two business days to five business days and included a written notice requirement. She reported that the third section of the code had been updated to give the tenants five days to provide notice that they intended to void their lease. She stated that the City was protected through indemnification and would not be held liable for any action under the subsection of the code. Mayor Mays stated that no public comments had been submitted and closed the public hearing portion of the meeting. He asked for questions, discussion, or a motion from Council.

MOTION: FROM COUNCILOR YOUNG TO READ CAPTION AND ADOPT ORDINANCE 2021-009 ADDING A NEW CHAPTER 5.34 TO THE SHERWOOD MUNICIPAL CODE REGARDING NON-RESIDENTIAL LEASES. SECONDED BY COUNCILOR BROUSE. MOTION PASSED 7:0, ALL MEMBERS VOTED IN FAVOR.

Mayor Mays addressed the next agenda item.

8. CITY MANAGER REPORT:

City Manager Keith Campbell stated he wished to recognize previous City Manager Joe Gall for his service to the City as City Manager as well as Community Services Director Kristen Switzer for her service serving as the City Manager Pro Tem. He thanked Ms. Switzer and the senior leadership team for coming together and their work. He commented that he felt that this had been a great opportunity for him to walk into a really great City, really great leadership team, and a great Council and he was humbled and excited to be here.

Mayor Mays addressed the next agenda item.

9. COUNCIL ANNOUNCEMENTS:

Councilor Griffin reported that the RHFA Holiday Festival would be held December 4th. He reported the festival would have a parade, tree lighting, and free food. Mayor Mays commented there would be a Council float at the parade.

Councilor Garland reported he attended the Regional Water Providers Consortium meeting on October 6th. He reported he attended the Cultural Arts Commission meeting on the 18th. He reported that the Voices for the Performing Arts had two shows on October 22-23 at 7 PM at Sherwood Middle School where they were putting on a production of "The Princess Who Had No Name." He encouraged residents to vote in the special election.

Councilor Young thanked reappointed Traffic Safety Committee members Tony Bevel and Jason Wuertz for signing up for another term. She reported last week's CDBG meeting was canceled. She reported that the Sherwood High School marching band would present a community performance on October 20th at the high school at 8 PM, and volunteers were still needed for the event. She thanked City staff for providing Council information regarding outdoor dining and information on what other cities were doing regarding outdoor dining.

Councilor Scott reported he would attend the Library Advisory Board meeting in Councilor Brouse's place. He reported that the next Planning Commission meeting would be held on October 26th where there would be three public hearings. He reported there was an open survey for Sherwood West and encouraged residents to share their feedback. He reported that the Sherwood West Community Advisory Committee would meet on November 3rd at 5 PM.

Councilor Brouse reported on recent Sherwood Library statistics and gave her kudos to Library Manager Adrienne Doman Calkins and her team for their work. She reported that the Senior Advisory Board was working on creating an age-friendly city and commented Council would be brought into the conversation soon. She reported that a community survey would be sent out shortly to get feedback about Sherwood being an age-friendly city. She reported that the Washington County legislative session would hold a debrief on October 29th and would offer the opportunity to hear about the 2021 legislative session, redistricting ARPA funds, and priorities for 2022.

Council President Rosener welcomed new City Manager Keith Campbell and thanked Community Services Director Kristen Switzer for her hard work as the interim City Manager. He referred to a previous work session where Council discussed the Al Fresco program and outdoor dining and explained that Council and City staff were continuing to work on options for Council to discuss. He commented that he hoped that the City would be able to provide direction for Old Town businesses for operating in the short term so the businesses could make plans for the upcoming colder months. He reported he attended the WRWC meeting.

Mayor Mays reported he attended the WCCC meeting where they heard several updates on various upcoming and ongoing projects. He attended a Mayors of Washington County meeting with Chair Harrington where he was informed that the majority of the County Board of Commissioners had given direction to only allocate an additional 3% more revenue per year over the next 4-5 years for libraries from the library bond. He commented that that was stunning and disappointing since the general assumption was that there was a guaranteed 3% annual increase in property tax revenues, plus growth, and in his opinion, the percentage should conservatively be 5-6% increases year over year. He stated that the County would not restrict the revenue to pay for their own staff that ran central services and had chosen to "stockpile" the extra revenue to do other things they had not detailed yet. He explained that the costs to operate the Sherwood Library increased roughly 8% each year. Council President Rosener commented that it was disappointing that the reason they had cited for not shorting the administrative level for the overall running of the organization was because their costs were going up 8% per year for staff and 5% per year for other items, yet they would

only be giving other cities 3% when they were facing the same kind of cost increases. Councilor Young asked Mayor Mays if that had been voted on and approved or if it was just the recommendation at this point? Mayor Mays replied that it was not a “done deal” and there had not been a vote by the County Board of Commissioners, but direction that had been given to County staff at a work session. Mayor Mays commented he had spoken with Sherwood’s County Commissioner, Roy Rogers, who had commented that he felt that it was “pretty baked in.” Council President Rosener commented that he was disappointed that they had chosen not to work with their partners in the cities on potential solutions prior to issuing that guidance to their staff. Mayor Mays reported he would attend the LOC board meeting and LOC annual conference and board meeting.

10. ADJOURN:

Mayor Mays adjourned the regular session at 7:41 pm and convened an executive session.

EXECUTIVE SESSION

- 1. CALL TO ORDER:** Mayor Mays called the executive session to order at 7:43 pm.
- 2. COUNCIL PRESENT:** Mayor Keith Mays (left at 8:37 pm), Council President Tim Rosener, Councilors Doug Scott, Kim Young, Sean Garland, Renee Brouse, and Russell Griffin.
- 3. STAFF PRESENT:** City Manager Keith Campbell, City Attorney Josh Soper, Steven Schuback (left at 8:37 pm), Community Services Director Kristen Switzer.

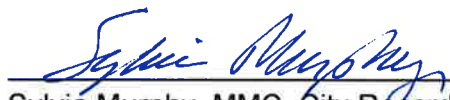
4. TOPICS

A. ORS 192.660(2)(d) and (e), Labor Negotiations and Real Property Transactions

5. ADJOURN

Mayor Mays adjourned the executive session at 8:54 pm.

Attest:


Sylvia Murphy, MMC, City Recorder


Keith Mays, Mayor