



Home of the Tualatin River National Wildlife Refuge

URBAN RENEWAL AGENCY MEETING PACKET

FOR

Tuesday, October 15, 2024

**Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon**

URA Board of Directors Meeting
(Following the 7:00 pm City Council Regular Meeting)

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

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING AGENDA**

**Tuesday, October 15, 2024
(Following the 7:00 pm City Council Meeting)**

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URA BOARD MEETING

1. CALL TO ORDER

2. ROLL CALL

3. CONSENT AGENDA

- A. Approval of July 16, 2024 URA Board Meeting Minutes** (Sylvia Murphy, Agency Recorder)
- B. Approval of August 20, 2024 URA Board Meeting Minutes** (Sylvia Murphy, Agency Recorder)
- C. URA Resolution 2024-005, Authorizing the URA Agency Administrator to Accept Donation of a 0.51-Acre Property Located in the Tonquin Employment Area**
(Eric Rutledge, Community Development Director)

4. CITIZEN COMMENTS

5. ADJOURN

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
Tuesday, July 16, 2024**

**City of Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon 97140**

URA BOARD MEETING

- 1. CALL TO ORDER:** Chair Rosener called the meeting to order at 8:45 pm.
- 2. BOARD PRESENT:** Chair Tim Rosener, Vice Chair Kim Young, Board Members Keith Mays, Taylor Giles, Renee Brouse, Doug Scott, and Dan Standke.
- 3. STAFF AND LEGAL COUNSEL PRESENT:** City Manager Pro Tem Craig Sheldon, Interim City Attorney Sebastian Tapia, Community Development Director Eric Rutledge, Public Works Utility Manager Rich Sattler, Police Chief Ty Hanlon, IT Manager Richard McCord, Law Clerk Jeremy Zerkle, HR Director Lydia McEvoy, City Engineer Jason Waters, and Agency Recorder Sylvia Murphy.
- 4. CONSENT AGENDA:**
 - A. Approval of June 18, 2024 URA Board Meeting Minutes**
 - B. URA Resolution 2024-004, Authorizing the Sherwood Urban Renewal Agency Manager to sign a Professional Services Contract Amendment with Kittelson & Associates, Inc. for the Final Design, Construction Support, and Closeout Support Services of SW Ice Age Drive**

MOTION: FROM BOARD MEMBER SCOTT TO APPROVE THE CONSENT AGENDA. SECONDED BY BOARD MEMBER MAYS. MOTION PASSED 7:0. ALL MEMBERS VOTED IN FAVOR.

Vice Chair Young asked that citizen comment be added to future URA meeting agendas and Chair Rosener stated he agreed.

5. ADJOURN

Chair Rosener adjourned the meeting at 8:47 pm.

Attest:

Sylvia Murphy, MMC, Agency Recorder

Tim Rosener, Chair

SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
Tuesday, August 20, 2024

City of Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon 97140

URA BOARD WORK SESSION

1. **CALL TO ORDER:** Chair Tim Rosener called the meeting to order at 6:06 pm.
2. **BOARD PRESENT:** Chair Tim Rosener, Vice Chair Kim Young, Board Members Keith Mays, Dan Standke, Renee Brouse, Taylor Giles, and Doug Scott.
3. **STAFF AND LEGAL COUNSEL 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, Finance Director David Bodway, IT Director Brad Crawford, Economic Development Manager Bruce Coleman, City Engineer Jason Waters, Police Chief Ty Hanlon, Records Technician Katie Corgan, and City Recorder Sylvia Murphy.
4. **TOPICS**

A. Ice Age Drive Funding Option

Finance Director David Bodway presented the “City of Sherwood Ice Age Drive Work Session” PowerPoint presentation (see record, Exhibit A) and recapped that the URA had performed better than originally planned when it was created in 2021. He outlined that TIF revenue had exceeded original expectations, it was forecasted to experience strong growth, and funding for additional capital projects was currently limited. Chair Rosener explained that the URA was forecasted to generate \$84 million over its lifetime, but in order for the city to have access to that money, it had to either bond against it or collect it, which took time. Mr. Bodway commented that when the city had originally taken out the loan in 2021, the interest rate was around 2.5% and was earning 5.3%. He outlined that there were two funding options for the Board’s consideration. He noted that the URA was currently limited on its borrowing ability and commented that Business Oregon had a Special Public Works Fund. The first option was to utilize the Special Public Works Fund from Business Oregon. The second option was a combination of a Business Oregon loan, and the use of existing city reserves from restricted pots of money that could only be utilized for certain types of projects. Chair Rosener clarified that if the Board chose the second option, the city would pay itself back over time with interest via the URA district. Finance Director Bodway provided an overview of the Special Public Works Fund and explained that it was a loan through Business Oregon; it provided low-cost financing to municipalities for planning, design, and construction of utilities and facilities essential to industrial growth and job creation; it had terms up to 30 years for most projects; and there was a maximum of \$10 million in loan funding. He commented that it was possible to take out multiple loans through the Special Public Works Fund. He addressed Option 1 and stated that this was the recommended option. He outlined it entailed taking out two loans from Business Oregon for the full amount and there was an estimated remaining project cost of \$17.5 million, which factored in the \$3 million federal grant. Discussion regarding the option to temporarily turn over Ice Age Drive to a private developer to construct the road for

much less money occurred and Chair Rosener asked that staff look into that option. Finance Director Bodway addressed Option 2 and explained that this option utilized a Business Oregon Loan and the use of existing reserves. He stated that the estimated remaining project costs were \$17.5 million and there were two pieces of property in the TEA that the city could sell. Board Member Mays commented that it was important not to sell those properties until the road was completed or nearly completed in order to get the most money. Mr. Bodway stated that Option 2 also would use the existing reserve balances in the Street, Water, Storm and Sewer Funds. He cautioned that the use of those reserves could result in the potential delay of other CIP projects. He commented that he recommended Option 1 because it would allow the city to continue with other CIP projects by not using the reserves from the Street, Water, Storm and Sewer Funds while allowing for the completion of Ice Age Drive, which was vital to the growth of the URA growth and development. Chair Rosener referred to the remaining interior lots that Ice Age Drive would connect to, and asked what the impact of those would have on future revenue. He continued that it could be much cheaper for the city to find a developer who was willing to extend the road in exchange for credits or similar tradeoff rather than the city paying for the entire project upfront. Finance Director Bodway replied that in 2022 it was forecasted that the potential Storm/TDT/SDCs revenue that Ice Age Drive could generate with development was between \$9-16 million. Chair Rosener recapped that assuming the Board chose Option 1, much of the \$17.5 million would be offset by the fees that would get charged when those properties were developed, combined with the \$3 million federal grant would result in around a \$4 million long-term deficit. Discussion occurred and Finance Director Bodway commented that if the two properties in the URA were sold, the proceeds of those sales could be put back into the URA which would lower the amount spent thus far and would allow that money to be spent on other projects. Board Member Mays commented that from an oversight perspective, putting the proceeds of the sale of the two properties back into the URA to help pay off this project or start another project is what should be done. Discussion regarding the possibility of selling the two properties to a private developer at a discount in return for the developer paying for the construction of Ice Age Drive occurred. Board Member Mays commented he was not in favor of that idea because it was too difficult for a city to successfully navigate those types of situations and would prefer to build Ice Age Drive and sell the properties when the road was complete. Finance Director Bodway recapped next steps and outlined that with the Board's approval, staff would begin discussions with Business Oregon regarding funding options and staff would bring back various loan packages for them to consider. Board Member Scott asked if it was possible to have an estimated valuation of the URA-owned properties assuming the road was complete. Mr. Bodway replied that the properties had an estimated high value of \$3.3 million in 2012 and a new valuation would need to be completed on the properties. Board Member Scott commented that because the construction of Ice Age Drive was certain, it may be possible to sell the properties at "post-road" prices prior to the road actually being constructed. Board Member Giles commented that he needed more information on what was at risk by spending this money on Ice Age Drive. Finance Director Bodway referred to the Storm and Water Funds and explained that there was the operations side and the capital side, and the operations side of both the Storm and Water Funds were getting pretty high. He stated that within the next few years, 50% of the revenue would be moved over to the capital side to put money aside for capital projects because accounting standards stipulated that the operational balance could not be so high. City Manager Craig Sheldon recapped next steps and outlined that with the Board's approval, staff would begin discussions with Business Oregon regarding funding options and staff would bring back various loan packages for them to consider. He reported that staff should be able to bid the job in January or early February and explained that it would likely take 4-6 months to go through the loan process. Chair Rosener stated that the city should pursue a Business Oregon loan if the rates were favorable and commented that the city did not have that opportunity in every other category of spending, and it preserved flexibility. Finance Director Bodway added that Business Oregon loans were also ideal because they were revolving loans.

Board Member Brouse clarified that the \$3 million in federal funding would be lost if the city did not move forward with Ice Age Drive in a timely manner. Board Member Scott asked that staff come back with a detailed breakdown of what each option would cost and the likely impacts to other projects for the Board to consider and discussion occurred.

B. URA Financing Update

Nick Popenuk with Tiberius Solutions presented the “City of Sherwood Urban Renewal Financial Update” (see record, Exhibit B) and commented that the expected growth of the URA had exceeded expectations and therefore an updated financial forecast for the upcoming 5-year period was needed. He referred to growth and outlined that it was a permanent rate plan, so the only tax revenue or taxes that were involved were the permanent rate levies, so the tax rates would remain the same over the 5-year period. He addressed assessed value forecast assumptions and outlined that the appreciation from existing assessed value was limited to 3% annually by the Oregon Constitution. He explained that in order to get more TIF, additional growth in assessed value was needed, which could come from appreciation or new construction. He explained that due to Oregon’s property tax system, growth was limited to 3% per year, which made new construction important. He provided an overview of the existing property annual growth assumptions and stated that real property accounted for 91% of the total URA assessed value. Mr. Popenuk explained that city staff had created a list of all of the known buildings that were planned to occur in this area over the next several years and outlined the projects on page 4 of the presentation. He reported that there was a total of \$190 million in improvement values for known projects in the area that were planned to be completed within the next two years. He noted that it typically took several years for that value to come onto the tax roll. He clarified that while the \$190 million was for the cost of construction, the actual taxable value was \$114 million due to the Oregon property tax system. He provided an overview of the assessed value forecast figures on page 5 of the presentation and stated that in fiscal year 2029, the URA total would be \$462 million, most of which would come from new construction. He noted the \$0 amount for 2029 new construction and explained that this was a conservative forecast which only used projects that had already pulled permits at the time of this meeting. Mr. Popenuk provided an overview of the assessed value and TIF revenue percentage change of the 5-year period on page 6 of the presentation. He explained that when there was strong growth in assessed value, stronger growth was seen in TIF revenue as a percent basis. He addressed the desired CIP project list on page 7 of the presentation and noted that there was \$102 million in remaining costs for the completion of the listed projects. Vice Chair Young asked if the list included the various grants the city had been awarded and Mr. Popenuk replied that the list did not include those grants, but the figures on pages 8-9 did. He provided an overview of the sources of funds by year and stated that there were over \$12 million in grants for the listed projects. He explained that URAs work best when cities could use their own increment revenue to leverage outside state and federal grants. Finance Director Bodway addressed the cited administrative costs on page 10 of the presentation and explained that forecasted staff time to build the projects was included in that figure. He explained that the personnel expenses were broken out in the capital budget, but staff billed their time to specific projects. Mr. Popenuk addressed the City Water Fund line item and explained that the figure assumed that the city wished to utilize Water Funds to pay for capital projects. He explained that the annual payment amounts were not fixed either because there was more flexibility on how the payment was structured. He provided an overview of the level of debt service chart on page 11 of the presentation and explained that the chart assumed that the \$12 million was borrowed and had level payments for 10 years. He explained that in this scenario, the annual TIF revenue would not be at the necessary level to cover the payments until 2028 and beyond. Mr. Popenuk provided an overview of the level of debt service matches TIF chart on page 12 of the presentation and explained that in this

scenario, the payments in the first few years were limited to interest-only payments on the new debt. There would be as much payment towards the principal as possible every year once there was enough TIF revenue to cover more than just the interest payments. He explained that interest-only payments early on significantly reduced the annual operating deficit of the URA over the next several years. He provided an overview of the project funding gap on page 13 of the presentation and stated that there was a \$73 million funding gap. Chair Rosener commented that the city would continue to seek federal funding for Sherwood Broadband, the new Public Works facility, and Cedar Creek Trail undercrossing projects. Mr. Popenuk reiterated that the listed figures were only for a 5-year period and commented that based on the level of growth the URA had seen already, the figures could look very different in 2031. He provided a summary of his findings and reported that debt service and administrative expenses exceeded TIF revenues which resulted in capital projects relying on fund balance, debt, or grants to proceed. He forecasted very strong growth in TIF, but that growth was already needed to pay for planned indebtedness. He stated that planned future construction activity was vital, but values and timing could not be guaranteed. He concluded that after fiscal year 2025, funding for additional capital projects over the 5-year period was not expected. Vice Chair Young asked for clarification on the list of new development projects on page 4 of the presentation and Community Development Director Eric Rutledge explained that staff only included applications that had permits or had applied for land use approval. Board Member Standke asked if there was a 20-year income forecast and Mr. Popenuk replied that an updated 20-year forecast had not been created since the original plan was created. He explained that the work was contingent on a lot of factors, such as how aggressive the URA wanted to be on future construction activity, but he could work with staff to create an updated 20-year forecast. Chair Rosener commented he would like to see a forecast that showed 4%, 10%, 15% etc. to help illustrate the possible ranges.

Record note: Prior to the meeting, Finance Director David Bodway emailed the Board an informational brochure on Business Oregon's Special Public Works Fund (see record, Exhibit C) and a "Sherwood Urban Renewal Area Financial Update" memo from Tiberius Solutions consultant Nick Popenuk and Ali Danko (see record, Exhibit D).

5. ADJOURN

Chair Tim Rosener adjourned the meeting at 7:01 pm and convened a City Council regular session.

Attest:

Sylvia Murphy, MMC, Agency Recorder

Tim Rosener, Chair

Agenda Item: Consent Agenda

TO: City of Sherwood Urban Renewal Agency Board of Directors

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

SUBJECT: URA Resolution 2024-005, Authorizing the URA Agency Administrator to Accept Donation of a 0.51-Acre Property Located in the Tonquin Employment Area

Issue:

Shall the URA Board of Directors approve URA Resolution 2024-005, authorizing the URA Administrator to accept donation of a 0.51-acre property located in the Tonquin Employment Area?

Background: The City of Sherwood continues to advance the Ice Age Dr. Road project. The project is currently in the right-of-way acquisition phase. The proposed collector status road runs through the northeast corner of Tax Lot 2S128C00600, otherwise known as Sherwood Commerce Center Phase I. The right-of-way for Tax Lot 600 was dedicated to the City of Sherwood as a condition of land use approval. After dedication of the right-of-way, a remnant piece of property north of the future road was created as shown in Attachment 1 to this staff report. The remnant property is approximately 0.51-acres. Schnitzer Properties has not identified a need for this property given its size, location, and easement restrictions for power lines and is proposing a donation to the City of Sherwood Urban Renewal Agency for sidewalk and other purposes.

Ice Age Dr. Sidewalk

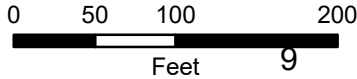
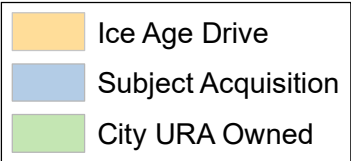
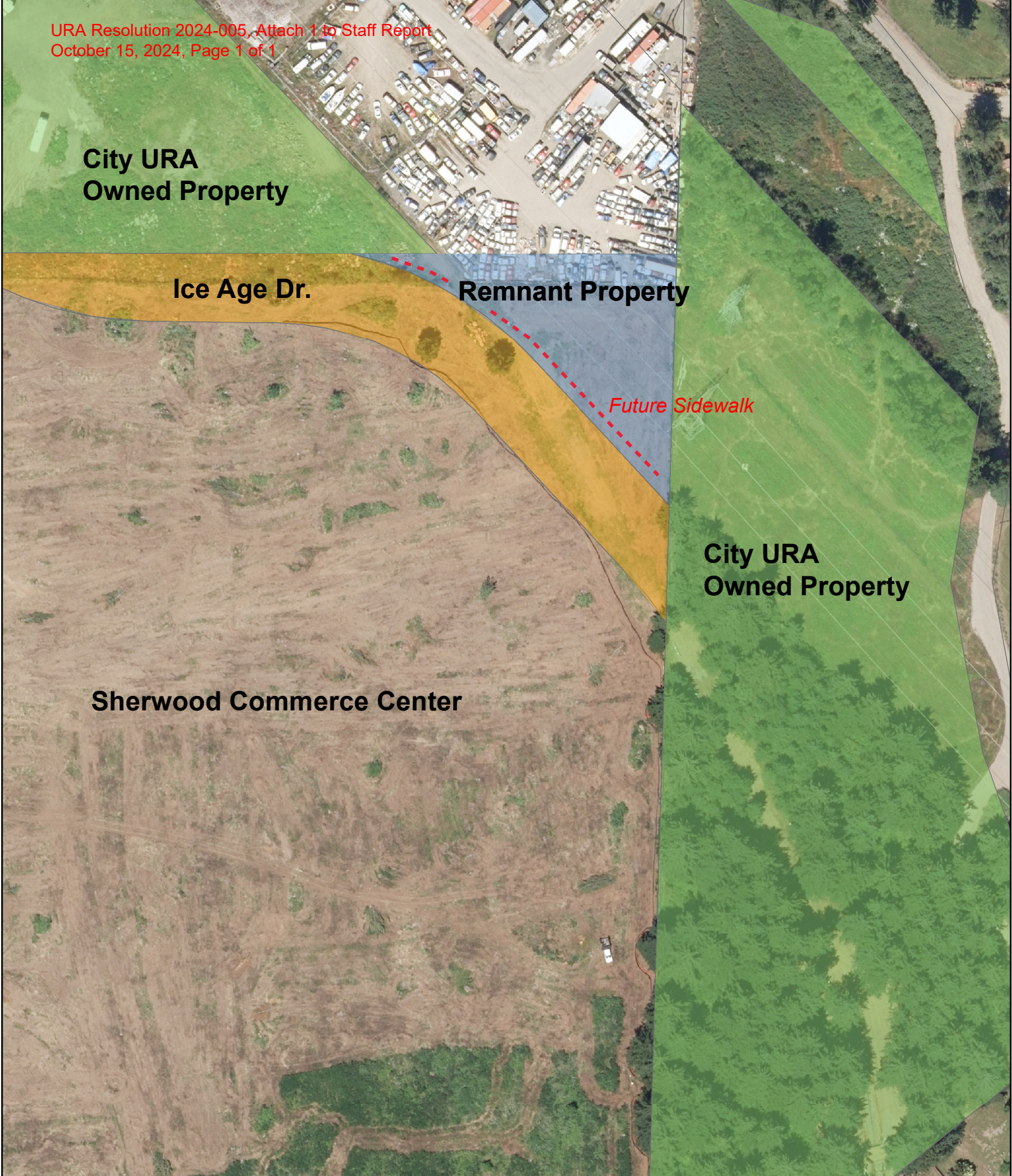
In designing Ice Age Dr., the City was required to relocate a Kinder Morgan gas line within the northern portion of the future right-of-way. Kinder Morgan does not allow hard surfaced area over the gas line. Due to this restriction, the future sidewalk on the north side of Ice Age Dr. is required to be located outside of the right-of-way. A viable location for the new sidewalk is within the area proposed to be donated by Schnitzer properties as shown in Attachment 1 to this staff report.

Lot Consolidation with City URA Owned Property

After construction of the sidewalk, the remainder of the property can be combined with the City of Sherwood URA owned "Munger Property" to the east (Staff Report Attachment 1). While the remnant property is constrained by power line easements, the area may be viable for parking or outdoor storage associated with a larger development. After construction of Ice Age Dr., the City plans to sell the Munger Property including any additional area acquired through this donation.

Financial Impacts: The property is being donated to the City of Sherwood Urban Renewal Agency at no cost. The City will be responsible for maintenance of the property prior to resale.

Recommendation: Staff respectfully recommends approval of URA Resolution 2024-005, authorizing the Urban Renewal Agency Administrator to accept donation of a 0.51-acre property located in the Tonquin Employment Area.





URA RESOLUTION 2024-005

AUTHORIZING THE URA ADMINISTRATOR TO ACCEPT DONATION OF A 0.51-ACRE PROPERTY LOCATED IN THE TONQUIN EMPLOYMENT AREA

WHEREAS, the Sherwood Urban Renewal Agency will be partially funding a new collector status road known as SW Ice Age Dr. through the Tonquin Employment Area; and

WHEREAS, the future roadway is a key infrastructure improvement required to facilitate economic development in the city; and

WHEREAS, Schnitzer Properties owns a 0.51-acre property adjacent to the roadway and has proposed donating the property to the City of Sherwood Urban Renewal Agency; and

WHEREAS, due to restrictions on an existing easement within the right-of-way of SW Ice Age Dr., a need exists for a sidewalk on private property just north of the right-of-way; and

WHEREAS, the future sidewalk can be located on the property proposed to be dedicated to the City of Sherwood Urban Renewal Agency; and

WHEREAS, the remaining property can be consolidated with an adjacent property to the east owned by the Urban Renewal Agency, identified as Washington County Tax Lot 2S128D000602; and

WHEREAS, the subject property proposed for donation is identified as a portion of Washington County Tax Lot 2S128C000600 and formally described in the legal description included as Exhibit 1 to this resolution.

NOW, THEREFORE, THE SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

Section 1. The City of Sherwood URA Administrator is authorized to accept donation of a 0.51-acre from Schnitzer Properties, identified as a portion of Washington County Tax Lot 2S128C000600 and formally described in the legal description included as Exhibit 1 to this resolution.

Section 2. This Resolution shall take effect immediately upon its passage by the Urban Renewal Agency Board.

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Duly passed by the URA Board the 15th of October 2024.

Tim Rosener, Chair

Attest:

Sylvia Murphy, MMC, Agency Recorder

EXHIBIT "A"

December 4th, 2023

DEA Project No. KITT0000-0004
Tax Map 2S128C
Tax Lot 00600

PARCEL 1 - FEE

A parcel of land lying in the Southwest One-Quarter of Section 28, Township 2 South, Range 1 West, Willamette Meridian, Washington County, Oregon; said parcel being all of that property described in Document Number 2023-024911, Exhibit C, Washington County Book of Records, lying Northeasterly of that parcel described as Ice Age Drive in Document Number 2023-017103, Washington County Book of Records, and being more particularly described as follows:

Commencing at the South One-Quarter corner of Section 28; thence along the East line of the Southwest One-Quarter of Section 28, also being the East line of said Document Number 2023-024911, North 00°07'50" East a distance of 1,115.56 feet to the Northeasterly boundary line of said Ice Age Drive, being the True Point of Beginning; thence along said Northeasterly boundary line, North 44°32'33" West a distance of 198.13 feet; thence continuing along said Northeasterly boundary line, on a curve to the left, having a radius of 343.00 feet (the long chord of which bears North 54°03'44" West, 113.46 feet) a distance of 113.98 feet to the North line of said Document Number 2023-024911, also being the South line of Document Number 2022-059410, Washington County Book of Records; thence along said North line, North 89°11'33" East a distance of 231.34 feet to the Northeast corner of said Document Number 2023-024911; thence along the East line of said Southwest One-Quarter S00°07'50"W a distance of 211.07 feet to the True Point of Beginning.

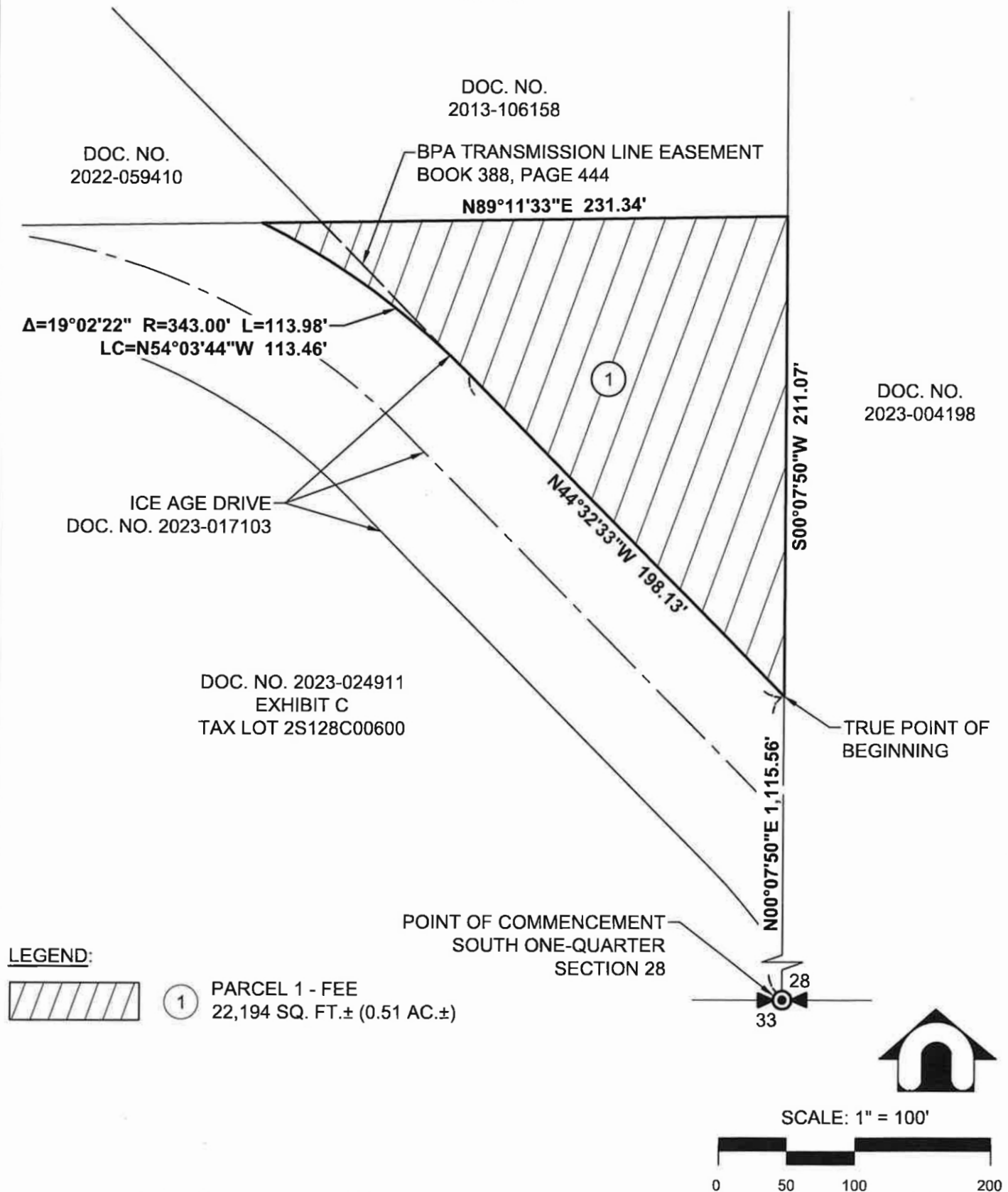
This parcel of land contains 22,194 square feet, more or less.

The bearings of this description are based on Survey Number 34604, Washington County Survey Records.



RENEWS: 12/31/2024

EXHIBIT "B"



ICE AGE DRIVE PROJECT
S.W. OREGON STREET TO S.W. 124TH AVENUE

FILE NO:	00.2	SUBMITTAL DATE:	12/04/2023	REV'D:
TAX LOT:	00600	ADDRESS:	21600 S.W. OREGON STREET	
TAX MAP:	2S128C			



**DAVID EVANS
AND ASSOCIATES INC.**

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