City of Sherwood Oregon

Home of the Tualatin River National Wildlife Refuge

SHERWOOD CITY COUNCIL MEETING MINUTES
22560 SW Pine St., Sherwood, Or
July 7, 2026

WORK SESSION

1. **CALL TO ORDER:** Mayor Rosener called the meeting to order at 5:30 pm.

2. **COUNCIL PRESENT:** Mayor Tim Rosener, Council President Kim Young, Councilors Keith Mays, Doug Scott, Dan Standke, Renee Brouse, and Taylor Giles (remote at 5:30 pm and physically arrived at 6:55 pm).

3. **STAFF PRESENT:** City Manager Craig Sheldon, Assistant City Manager Kristen Switzer, IT Systems Analyst Mark Swanson, City Attorney Ryan Adams, Police Chief Ty Hanlon, Public Works Director Rich Sattler, Community Development Director Eric Rutledge, Planning Manager Sean Conrad, Finance Director David Bodway, Economic Development Manager Erik Adair, Deputy City Recorder Colleen Resch, and City Recorder Sylvia Murphy.

   OTHERS PRESENT: Sherwood Planning Commissioners Chair Jean Simson, Vice Chair Justin Kai (remote), Rick Woidyla, Joe Tillotson, Daniel Bantz, and Tyler Barns (arrived at 5:35 pm).

4. **TOPICS:**

   Roundtable with Sherwood Planning Commission

   Community Development Director Eric Rutledge said there were a few potential discussion items and the Commissioners introduced themselves. Chair Jean Simson thanked the Council for the opportunity to discuss future Planning Commission work. She commented on the Tree Code update and asked the Council for any goals and visions they had for the update. Mayor Rosener said that was the purpose of these roundtable discussions with all the Boards and Commissions. Mr. Rutledge explained that the Tree Code update was on the Council Goals and there had been a previous work session. He said there was a new State requirement that the Tree Code, as it related to regulating removal of trees, had to be clear and objective. He stated the City Council had expressed an interest in establishing a heritage tree program and a desire to preserve trees during development. He asked if there were other items the Council would like to update. He commented on a potential heritage tree program and stated there were two possible approaches, a mandatory designation program embedded in the code, or a voluntary registry where property owners could opt in. He asked the Council directly whether they wanted to stand behind a code-based heritage tree program or pursue a voluntary program first and revisit it at a future date. Mayor Rosener asked what it would mean for a tree to be designated as a heritage tree. Chair Simson responded that the code itself would define that. Commissioner Barns explained that heritage tree status was typically determined by criteria such as size, height, character, or community value, and that once a tree meets those criteria, the designation carries substantive protections, such as requiring arborist approval before any trimming. He noted that this created an additional layer of burden and obligation. Councilor Standke expressed a preference for starting with a voluntary registry as the lowest-lift option, with the possibility of building from there. Council President Young

asked whether examples of heritage tree programs in other jurisdictions were available and indicated she would like to see one before deciding. Mayor Rosener offered a distinction between two forms of voluntary programs: one in which a property owner could voluntarily opt into the designation, after which the code's protections apply and run with the tree regardless of future ownership, versus a purely informal recognition with no legal teeth. He stated a preference for the former but said he was opposed to the City unilaterally designating trees on private property. He stated the voluntary opt-in model would allow property owners to make an informed decision, understanding any impact on future development potential. Councilor Giles asked whether a heritage tree could be incorporated into design standards as a credit, for instance, appearing on a checklist of design elements from which an applicant must select a certain number, allowing preservation of a heritage tree to count toward meeting those standards. He stated this would soften the burden on developers who must work around a designated tree, and that there should be clear outs for trees that die, are struck by lightning, or become safety hazards. Mayor Rosener agreed, adding that if the original property owner sought the designation and obtained design standard relief as a result, that benefit should not necessarily transfer to a subsequent owner. Councilor Standke suggested that if trees were designated as heritage trees and owners face obligations to maintain them, the City could consider grants or financial support to encourage those stewardship actions. Commissioner Tillotson described the situation on Sherwood Boulevard where community members had wanted a corner tree preserved during construction and had no tool available to help them. Mayor Rosener agreed and expressed particular concern about trees being removed for the convenience of construction, rather than because a building footprint required it, stating he would like to limit that practice. Chair Simson commented on mitigation planting mix, cautioning against replacing cleared trees exclusively with deciduous species. She said she supported a proper mix of evergreen and deciduous plantings in larger cleared areas. Councilor Standke stated that commercial and industrial zones could do better at preserving trees along property perimeters, even when interior areas were fully built out. Councilor Giles proposed that mitigation ratios could be calibrated to address convenience clearing, requiring a developer who removed a tree for construction convenience to plant ten or twenty trees in return, rather than the standard replacement ratio. Commissioner Tillotson noted that canopy requirements already exist for commercial and industrial development. Chair Simson thanked the Council for their direction.

Chair Simson said the second discussion item was the Transportation System Plan (TSP) update. She said the public hearings would occur in 2027. Mayor Rosener commented on TSP priorities and said it was important to be grant ready. He explained that achieving 30 percent design on a project significantly improved the City's chances of securing State or Federal funding. Chair Simson noted that staff had already secured a grant from Metro and another for the Housing Needs Analysis (HNA). She also confirmed that the HNA had a State deadline of the end of next year, with new State mandated processes to follow.

Chair Simson stated the third discussion item was the Old Town Strategic Plan implementation and said the Planning Commission wanted to understand how implementation would proceed. She said the development could become quite high density and the Planning Commission wanted to be mindful of how it looked. Mr. Rutledge confirmed that staff were currently in the implementation phase of the Old Town Strategic Plan and were evaluating a few options to bring forward to Council, including a Vertical Housing Development Incentive Program (VHDIP). He explained that the program would provide a tax abatement on a percentage of the residential floors above ground-floor commercial, effectively incentivizing mixed-use development and allowing the City to attach design standard requirements as a condition of receiving the incentive. Mr. Rutledge acknowledged that without the incentive program, developers could potentially invoke State law to bypass local design standards, particularly if they met density thresholds such as 17 units per acre. He noted that qualifying for those State law exemptions was not automatic, developers must check all applicable boxes. He stated that he and Economic Development Manager Erik Adair had given approximately ten tours of City owned and private Old Town sites to developers, none of whom had moved forward, primarily because

construction costs remained high, interest rates were elevated, and rents in the region were flat or slightly declined. He said it was the incentive-based communities that were getting housing developed right now. Mayor Rosener expressed strong interest in funding incentive programs through the Urban Renewal Area (URA), noting the URA is projected to generate $84 million over the next 30 years, and that drawing a few hundred thousand dollars annually for incentives would be manageable without impacting the General Fund. Councilor Giles asked whether the incentive program could be structured to attract specific types of businesses to Old Town. Mr. Rutledge confirmed that if the City was offering the incentives, it could set the parameters for who qualified. Councilor Standke expressed concern about the visual disparity between higher-density new development at the south end of Old Town near Oregon Street and the lower scale historic district to the north, particularly if four and five story buildings were concentrated in one area while the rest of Old Town remained low scale. Mayor Rosener acknowledged the concern but suggested that starting somewhere with the City's ultimate density vision was preferable to deferring. Councilor Standke confirmed his understanding that the Council's objective for Old Town development is three to four stories. Mayor Rosener described his vision for the Pine/railroad triangle area as two to three floors. Councilor Mays observed that achieving a healthy mix of restaurants, shops, and other uses in Old Town required sufficient residential density nearby, either through short term lodging visitors or residents living in the area. Councilor Bantz raised the importance of parking, particularly for families who drive to Old Town, noting that insufficient parking will deter visitors regardless of other amenities.

Mr. Rutledge confirmed that annexation applications would now come before the Planning Commission for review and a recommendation to Council prior to Council action. He noted two annexation applications were currently in the process. He also confirmed that while an annexation agreement was required at the City's discretion, all annexations required a public hearing before the Planning Commission. He asked for any other questions.

Commissioner Barns asked whether future development, particularly in Old Town, could incorporate subterranean cisterns or bioswales to capture rainwater as a supplement to the City's water supply, reducing dependency on Willamette River withdrawals as climate change reduced snowmelt and increased demand. He suggested this could be tied to a tiered incentive structure analogous to LEED certification, where developers received greater incentives for incorporating more sustainable infrastructure. Mayor Rosener noted that the City holds water rights for 20 million gallons per day from the Willamette, with peak usage of approximately 5 to 6 million gallons per day, and that infrastructure capacity could support the full 20 million gallons. He acknowledged that capturing rainwater for uses such as irrigation and fountain operation was environmentally worthwhile even if it did not address scarcity per se and noted that the City had high-capacity emergency wells currently on standby that had been discussed as a potential source for non-potable uses such as watering school district lawns and parks. Councilor Giles suggested that if new trail work and infrastructure were being planned in Sherwood West, green technologies such as solar pre-wiring should be built into the Code, noting that the incremental cost at time of construction was negligible compared to retrofit costs. Mayor Rosener thanked the Planning Commission for attending and said he appreciated the quality of their work. Chair Simson thanked the Council for their input on the Tree Code update.

Mayor Rosener addressed the next item on the agenda.

Public Safety Fee

Finance Director David Bodway provided a presentation (see record, Exhibit A) and said it was a follow up to the April 21 Council work session. He stated the objective of the session was to present various fee structure options, gather Council feedback through an interactive financial model, and identify next steps for

future Council action. He explained that an Equivalent Service Unit (ESU) was a standard measurement used by cities to calculate stormwater utility fees, with one ESU representing approximately 2,640 square feet of impervious surface. He said single family homes equal one ESU, while larger commercial and industrial properties with more impervious surface carry proportionally more ESUs. Mr. Bodway noted that ESUs were already used for commercial accounts to calculate sidewalk fees, streetlight fees, and street fees, making them a natural, administratively practical basis for the new fee. He noted that billing by square footage was not feasible because the current billing system could not accommodate it, and that the Council had already settled on ESUs at the prior work session. He presented four fee structure options. He said option 1 was $10 per month per ESU applied to all commercial and industrial accounts. He said this would generate approximately $727,000 per year and was modeled to fund two new police officers, including vehicles, equipment, and technology. Mayor Rosener asked for clarification on the cost of a new officer. Mr. Bodway indicated approximately $220,000 to $240,000 per year per officer and two officers would cost approximately $440,000 annually. Mayor Rosener stated that the remaining $280,000 would cover one-time expenses such as police cruisers and equipment in year one, with ongoing annual technology contract costs thereafter. Police Chief Ty Hanlon confirmed that technology contracts were approximately $600,000 over five years and were ongoing and increased as officers were added. He said option 2 was $12 per month per ESU applied to all commercial and industrial accounts. He said this option would generate approximately $873,000 annually and was modeled to fund two new officers plus provide a funding buffer to protect an existing officer from potential future layoffs, given budget pressures in the General Fund. Mayor Rosener noted that while not sufficient to fully fund a third officer, it would partially offset that cost. Mr. Bodway said option 3 was $12 per month per commercial account and $6 per month per manufacturing/industrial account. He said the reduced rate for manufacturing and industrial accounts was proposed because while police do patrol those areas actively through the Night Eyes program, large industrial and manufacturing properties were not the same drain on police resources as retail establishments. Mr. Bodway acknowledged that several large manufacturers had ESU accounts comparable to or exceeding major retailers, which did not seem equitable. He stated this option would generate approximately $721,000. He said option 4 was $11 per month per commercial account, $6 per month per manufacturing and industrial account, and $15 per month per retail account. He stated this option broke out retail as a distinct, higher-rate category in recognition of the disproportionate demand retail generates for police services through shoplifting and related calls. Mr. Bodway acknowledged this option had been floated based on prior work session feedback. Mayor Rosener said he opposed option 4 because it was too cumbersome administratively. Councilor Scott agreed. Councilor Mays said that the distinction between commercial and retail in the context of a strip mall billed to a single landlord was unworkable. Mr. Bodway confirmed that Public Works had already created a multiuse category to handle such properties, and that billing by account (rather than by individual tenant) was the practical approach, leaving it to the property owner to pass costs to tenants as they see fit. Councilor Mays said that if a variable rate structure was adopted, retail should carry the highest rate of any category, noting that the service needs of a large retailer and a large manufacturer were different. He suggested that option 4's framework with higher rates for retail was conceptually correct, the administrative complexity made it untenable. Discussion followed regarding alternative rate combinations and a potential cap on ESUs for manufacturing and industrial accounts. Mr. Bodway explained that when a cap of 50 ESUs was modeled for manufacturing/industrial accounts at a prior analysis, the savings across all affected accounts amounted to approximately $528 annually. He noted that approximately 19 of 38 manufacturing/industrial accounts fell above the cap at 50 ESUs, with some as high as 300 ESUs. Councilor Mays indicated that while he supported a cap as a matter of optics and economic development messaging, his primary concern was ensuring that large manufacturers were not charged at a rate disproportionate to the services consumed. Councilor Brouse asked if spreading SDC payments over time could serve as an additional developer incentive. Mr. Bodway and City Manager Sheldon both indicated interest in exploring this, noting that State law governs SDCs and any local program would need to be verified as permissible, and that title changes during any deferral window

would require a lien-based mechanism. Director Bodway noted that when asked whether any businesses had reached out in response to prior work session discussions of this fee, no Council member or staff member had received any such contact.

Discussion followed and the following direction was provided for staff:

- Two categories: all commercial (including retail, restaurant, office, bank, lodging, medical, auto, construction, and multiuse) at one rate, and true manufacturing and industrial at a lower rate.
- Warehousing would be treated as commercial (not manufacturing/industrial) and billed at the commercial rate.
- A cap of 50 ESUs would apply to manufacturing and industrial accounts only.
- Target rate in the range of $13/month per ESU for commercial, and $5/month per ESU for manufacturing/industrial, though final numbers remained subject to staff modeling.
- Revenue target was approximately $727,000–$791,000 annually to fund two new police officers plus associated vehicles and ongoing technology contracts.
- No consensus was reached on funding a third officer from this fee.

City Manager Sheldon noted that the account categorization would be tied to actual use, not zoning, and that Public Works would begin capturing use information through business license applications to ensure consistent categorization across departments going forward. City Attorney Ryan Adams confirmed that the fee could be structured as an ordinance with two readings, which Mayor Rosener preferred. Staff indicated a first reading could potentially be scheduled for the July 21 meeting, with a January 1 effective date to allow time for public education and outreach to the business community. Councilor Brouse noted that businesses should receive advance notice so that implementation would not come as a surprise. Mr. Bodway noted the importance of ensuring the legal characterization of the fee as a fee rather than a tax and indicated that staff would address this clearly in the staff report language.

Mayor Rosener addressed the next item on the agenda.

Transient Lodging Tax (TLT) Rate Review

Mr. Rutledge and Mr. Adair provided a presentation (see record, Exhibit B). Mr. Rutledge said the Transient Lodging Tax (TLT) was a tax on short-term lodging stays such as hotels, Airbnb's, and similar accommodations paid by visitors. He stated the City's only hotel was the Hampton Inn, with approximately two dozen short-term rental (Airbnb) units also subject to the tax. He noted the funds supported tourism promotion, tourism-related facilities, and economic development. He explained the current rate structure:

- State rate: 1.5%
- Washington County rate: 9% (highest in Oregon)
- City of Sherwood rate: 3%
- Combined total: 13.5%

He noted that the county rate was unusually high, which constrains city rates in Washington County relative to cities in counties with lower county-level TLTs. He stated the City received back approximately 2.8% of the county's 9%, which flows into the City's TLT account and was split across the three designated funding categories. He reported that the Hampton Inn had a 62% occupancy rate for January through June 2026 but bookings for the remainder of the year were strong. Discussion followed regarding general economic

conditions and a noted decline in wine tourism. Mr. Bodway described the spending allocation framework established at a prior work session held after the Hampton Inn opened:

- 30% of total TLT collections retained in the General Fund, designated for the Arts Center.
- 66.6% of total TLT collections directed to the Economic Development and Promotion Fund.
- 33.3% of the non-general-fund portion directed to the Public Art Fund.

Mr. Bodway noted that at current collection levels of approximately $160,000 annually, these translate to roughly $48,000 to the Arts Center, approximately $74,000 to Economic Development and Promotion, and approximately $37,000 to the Public Art Fund. Mr. Bodway stated that a new State law will shift the required TLT spending allocation to 50/50 between tourism-related spending and the general fund. He clarified that while this change was coming in 2027, cities retain flexibility in how they implement the split, and it was not a strict mandate on the precise sub-allocations within each half. Council President Young expressed support for the 30% allocation to the Arts Center continuing, noting the Arts Center was a qualifying tourism-related facility. City Manager Sheldon expressed support for the TLT helping the Arts Center move closer to breakeven and indicated a similar principle should apply to the Field House and said TLT support would help avoid General Fund pressure on those facilities. He suggested that as the Arts Center improved its own booking revenue and the gap narrowed, the City's TLT contribution could be adjusted downward accordingly. Mr. Bodway reported the current operational deficits for the Arts Center was approximately $160,000 per year and the Field House deficits were approximately $140,000 per year. Council President Young raised the possibility of the Library being considered a tourism-related facility eligible for TLT funding. Mr. Bodway noted that State law defines a tourism-related facility broadly and said an argument could be made for the Library. Councilor Brouse noted that the Sherwood Heritage Museum hosts the visitor center and had been a long discussed candidate for TLT support. Council President Young asked whether summer programming such as Music on the Green and Movies in the Park could be considered tourism-related activities eligible for TLT funding. Mayor Rosener said he believed a reasonable argument could be made, particularly for drawing visitors from outside the City. Councilor Giles said he supported continuing to fund public art at a meaningful level, suggesting $50,000 per year or $100,000 every two years and to expand the kinds of public art that created destination appeal and social media visibility. He noted that funding priorities needed to be set and expressed a preference for art that created lasting community identity. Mayor Rosener suggested that the public art allocation had been accumulating for years and that it might be worth redirecting the 33.3% currently going to public art toward other priorities such as trails, the Library, or the Chamber of Commerce.

Discussion followed and Council consensus emerged on the following framework for the spending allocation:

- 50/50 split between General Fund and tourism related.
- The Arts Center to remain a primary beneficiary of the General Fund 50%, with the goal of moving it closer to breakeven.
- The Economic Development and Promotion Fund to receive an amount equivalent to the current $74,000 per year.
- A remaining discretionary portion to be discussed further at a future meeting, with trails, the Chamber, public art, and other community priorities identified as candidates.

Mr. Bodway asked the Council if the City TLT should be increased and if so to what level. He provided comparative data showing that the combined TLT rate (county + state + city) at the current 3% City rate was 13.5%. He said increasing to 4%, 5%, or 6% City rates would put the combined total at 14.5%, 15.5%, or 16.5%. He noted that at 4% or higher, Sherwood would be at or above several comparable Portland metro cities including Portland, Gresham, and Troutdale, though still within the range of multiple Oregon cities.

Councilor Brouse referred to the Hampton Inn's occupancy rate and asked whether a rate increase might deter a second hotel from developing in Sherwood. Mr. Bodway noted the TLT was paid by visitors, not by the hotel operator, and that the hotel operator received a 5% collection discount for handling the paperwork. He confirmed that the approved, but currently on hold, second hotel project was vested and could pull building permits at any time, though the developer had expressed hesitation due to construction costs, interest rates, and overall hotel market conditions. Mayor Rosener said that guests selecting the Hampton Inn do so because they need to be in Sherwood, not because of comparative tax rates. Councilor Giles asked why the City did not consider a rate higher than 6%. He added that capturing revenue from visitors rather than residents was the purpose of a TLT. He said the additional revenue could fund trails, arts, and other community amenities that visiting sports teams and wine tourists directly benefit from. Mayor Rosener said that at 6%, Sherwood would exceed Portland in combined TLT rate and suggested a phased approach: 5% in year one, with 6% in year two, allowing the City to monitor market response and observe what other jurisdictions in the region do. Councilor Mays noted he was not opposed to phasing but was fully supportive of raising the rate. Councilor Brouse expressed a preference for starting at 4.5% rather than 5%, favoring a more conservative increase. The Council reached the following general direction:

- Year 1: Increase the City TLT rate to 5%, bringing the combined rate to 15.5%.
- Year 2: Increase the City TLT rate to 6%, bringing the combined rate to 16.5%.
- Implementation to begin as soon as possible, with Mr. Bodway confirming an ordinance process would be required, and the new rate to take effect before January 1, if possible, given the State law 50/50 change date.
- The spending allocation rebalancing (50/50 split, adjusted percentages for Arts Center, Economic Development, and a new discretionary category) to be brought back to Council with updated models reflecting the new rate.
- At 5% with a 50/50 split, projected annual revenue would be approximately $267,000: $133,000 to the General Fund (Arts Center), $89,000 to Economic Development and Promotion, and $44,000 to the Public Arts Fund.
- The Council agreed to return for a follow-up discussion on the remaining discretionary allocation, including trails, the Chamber, and other eligible uses.

Mayor Rosener adjourned the work session at 8:00 pm. No regular meeting was held.

Attest:

Sylvia Murphy, MMC, City Recorder

Tim Rosener, Mayor