



Home of the Tualatin River National Wildlife Refuge

Planning Commission Meeting Packet

FOR

September 11, 2018

at 7 PM

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



City of Sherwood
PLANNING COMMISSION
Sherwood City Hall Community Room
22560 SW Pine Street,
Sherwood, OR 97140
September 11, 2018

Regular Meeting – 7:00 PM

1. Call to Order
2. Council Liaison Announcements (Sean Garland)
3. Staff Announcements (Erika Palmer)
4. Community Comments
5. New Business Landmarks Advisory Board
 - a) Public Hearing LA 18-01 Sherwood Old Town Dental

Proposal: The applicant proposes to change an existing dental office building by modifying its exterior with new siding, paint, windows and roof. The property is zoned Retail Commercial (RC) and is located in the Smockville area of the Sherwood Old Town Overlay.

7. Planning Commissioner Announcements
8. Adjourn

Work Session Following Meeting

1. Introduction to Economic Opportunities Analysis

Meeting documents are found on the City of Sherwood website at www.sherwoodoregon.gov/meetings or by contacting the Planning Staff at 503-925-2308. Information about the land use applications can be found at www.sherwoodoregon.gov/projects.

CITY OF SHERWOOD

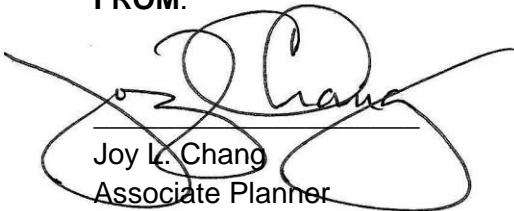
Old Town Overlay Review
Case File: LA 18-01 Sherwood Old Town Dental

Staff Report

TO: Planning Commission

Pre-App. Meeting: N/A
App. Submitted: June 20, 2018
App. Complete: July 3, 2018
120-Day Deadline: October 31, 2018
Hearing Date: August 14, 2018
Continued Hearing Date: September 11, 2018

FROM:



Joy L. Chang
Associate Planner

Due to newspaper publication error and notification requirements, the Planning Commission opened the public hearing on August 14, 2018 and continued it to date certain, September 11, 2018 at 7:00 pm.

Proposal: The applicant proposes to change an existing dental office building by modifying its exterior with new siding, paint, windows and roof. The property is zoned Retail Commercial (RC) and is located in the Smockville area of the Sherwood Old Town Overlay. The applicant's submittal materials are attached to this report as Exhibit A.

I. BACKGROUND

A. Applicant/ Owner: Scott Grant, Golden Boar Investments LLC
16043 SW Railroad St
Sherwood OR 97140
503-970-3844 or wscott@wscott.com

B. Location: The property address is 16043 SW Railroad Street in Sherwood's Old Town and identified as Tax Lot 4300 on Washington County Tax Assessor's map number 2S132BC. The property is located between SW Pine and SW Washington Street with frontage on SW Railroad Street.

C. Parcel Size: The total site area is approximately 5,000 square feet or 0.11 acres.

D. Existing Development and Site Characteristics: The site is fully developed with an existing commercial building utilized as a Dental Office. The building fronts on SW Railroad Street and access can also be obtained from the alleyway located northwest of the site. Right-of-way improvements such as sidewalks and roadways exist along the frontage of the site (SW Railroad Street). This property does not have any inventoried significant riparian, upland or wildlife habitat according to Metro's inventory of regionally significant habitat and the Comprehensive Plan inventory map.

E. Zoning Classification and Comprehensive Plan Designation: The property is zoned Retail Commercial (RC) within the Old Town Overlay. Chapters 16.22 and 16.162.030 of the Sherwood Zoning and Community Development Code list the permitted uses in this zone within the Old Town Overlay. Dentist office is an allowed use with the RC zone and is allowed within the Old Town Overlay.

F. Adjacent Zoning and Land Use: The properties abutting the site are zoned Retail Commercial (RC). Across the street, parcels are zoned with Retail Commercial Planned Unit Development (RC-PUD).

G. Public Notice and Hearing: This application was processed consistent with the standards in effect at the time it was submitted. A neighborhood meeting was held on May 22, 2018 at the Sherwood Old Town Dental office (16043 SW Railroad Street) to inform the community of the proposed alterations to the building. No one from the community attended the neighborhood meeting.

Notice of the application was mailed to property owners within 1,000 feet of the subject property and in five locations throughout the City on July 24, 2018. Staff posted notice onsite on July 24, 2018 in accordance with Section 16.72.020 of the SZCDC.

On July 31, 2018, staff identified that the required and requested first publication on the August 2018 issue of the Sherwood Gazette did not print. Therefore, the meeting was opened on August 14, 2018 and continued to September 11, 2018 so proper publication requirements could be satisfied. Ultimately, the notice was published in the Tigard Times (a paper of general circulation) on August 23 and September 6, 2018 in accordance with Section 16.72.020 of the SZCDC.

H. Review Criteria: Sherwood Zoning and Community Development Code, Sections 16.22 (Commercial Land Use Districts), 16.162 (Old Town Overlay), and where applicable 16.168 (Landmark Alteration).

II. PUBLIC COMMENTS

Public notice was mailed and posted on the property. It was also posted in five locations throughout the City on July 24, 2018. Staff received no public comments as of the date of this report. However, comments are accepted until the Planning Commission closes the public hearing.

III. AGENCY COMMENTS

Staff sent e-notice to affected agencies on July 17, 2018. The following is a summary of the comment received. Copies of full comments are included in the record unless otherwise noted.

Sherwood Building Department: Scott McKie, Building Official, provided comments (Exhibit A attached) stating that replacement of the roof, siding and windows on a commercial building will require building permits. The building permit application submittal shall include the scope of work and details/product specifications for the materials. Therefore, the following condition is recommended:

Recommended Condition: A building permit must be obtained for the replacement of the roof, siding and windows.

Sherwood Engineering Department provided comments that are attached (Exhibit B) and noted below.

Engineering staff has reviewed the information provided for the project and notes that final construction plans will need to meet the standards established by the City of Sherwood Engineering

Department and Public Works Department, Clean Water Services (CWS) and Tualatin Valley Fire & Rescue (TVF&R) in addition to requirements established by other jurisdictional agencies providing land use comments. The comments states that since the proposal is only for renovations to the existing building (residing and roof reshingling), there are no public improvements required to be constructed. Therefore, the Sherwood Engineering Department has no conditions to impose for this project.

Clean Water Services: Jackie Humphreys stated that Clean Water Services has no concerns or objections to this application request. As submitted, this application request will not require further review or the issuance of a Storm Water Connection Permit Authorization. Exhibit D

Tualatin Valley Fire and Rescue Department: Tom Mooney, Deputy Fire Marshall of TVF&R, had no comments on the proposal (no impact to access or water supply). Exhibit E

Pride Disposal Company: Kristen Tabscott, Pride Disposal, stated that the existing commercial use utilizes residential style totes that are brought to the curb, no need for an enclosure. Pride has no further comments on the proposal. Exhibit F

Washington County Land Use and Transportation, Clean Water Services, Kinder Morgan Energy, ODOT, METRO, NW Natural Gas and Portland General Electric did not respond or provided no comments to the request for agency comments by the date of this report.

IV. APPLICABLE CODE PROVISIONS

The applicable zoning district standards are identified in Chapter 16.22 below.

A. **Division II– Land Use and Development** **Chapter 16.22 - COMMERCIAL LAND USE DISTRICTS**

16.22.010 - Purpose

C. Retail Commercial (RC) - The RC zoning district provides areas for general retail and service uses that neither require larger parcels of land, nor produce excessive environmental impacts as per Division VIII.

ANALYSIS: The subject site is approximately .11 acres and is surrounded with existing commercial developments. As further described below, the existing commercial use (Dental Office) is allowed in the RC zone. Since the proposal is for exterior alteration to an existing building, environmental impacts that might result from development are not expected meeting Division VIII of the Sherwood Municipal Code.

FINDING: This standard is met.

16.22.020 - Uses

A. The table below identifies the land uses that are permitted outright (P), permitted conditionally (C), and not permitted (N) in the Commercial Districts. The specific land use categories are described and defined in Chapter 16.88 Use Classifications and Interpretations.

B. Uses listed in other sections of this code, but not within this specific table are prohibited.

C. Any use not otherwise listed that can be shown to be consistent or associated with the uses permitted outright or conditionally in the commercial zones or contribute to the achievement of the objectives of the commercial zones may be permitted outright or conditionally, utilizing the provisions of Chapter 16.88 Use Classifications and Interpretations.

D. Additional limitations for specific uses are identified in the footnotes of this table.

Office and Professional Support services RC	
• <i>Business and professional offices.</i>	P
• <i>Medical and dental offices and urgent care facilities</i>	P
• <i>Business support services such as duplicating, photocopying, mailing services, fax and computer facilities</i>	P
• <i>Any incidental business, service, processing, storage or display, not otherwise permitted, that is essential to and customarily associated with a use permitted outright, provided said incidental use is conducted entirely within an enclosed building</i>	C

FINDING: As shown on the table above, the existing dental office is permitted outright use in the RC zone. Therefore, these standards are met.

16.22.030 - Development Standards

A. Generally. No lot area, setback, yard, landscaped area, open space, off-street parking or loading area, or other site dimension or requirement, existing on, or after, the effective date of this Code shall be reduced below the minimum required by this Code. Nor shall the conveyance of any portion of a lot for other than a public use or right-of-way, leave a lot or structure on the remainder of said lot with less than minimum Code dimensions, area, setbacks or other requirements, except as permitted by Chapter 16.84. (Variance and Adjustments)

B. Development Standards. Except as otherwise provided, required minimum lot areas, dimensions and setbacks shall be provided in the following table

ANALYSIS: The existing Dental Office modifications are all design related; new siding, windows, and roof. The building, housing the dental office, is existing and no new square footage or changes are proposed. Therefore, these standards are not applicable.

16.22.040 - Community Design

A. For standards relating to off-street parking and loading, energy conservation, historic resources, environmental resources, landscaping, access and egress, signs, parks and open space, on-site storage, and site design, see Divisions V, VIII and IX.

ANALYSIS: The applicant proposes exterior building alterations (new siding, windows, and roof) and no changes are proposed to existing off-street parking and loading, energy conversation, environmental resources, landscaping, access and egress, signs, parks and open space, on-site storage, and site design. Additionally, the site does not contain any identified historic resources.

FINDING: This standard is met.

16.22.060 – Floodplain.

Except as otherwise provided, Section 16.134.020 shall apply.

FINDING: The subject site is not located within the 100-year Floodplain. Therefore, this standard is not applicable.

B. Division IX – Historic Resources

16.162 Old Town Overlay District (OT)

16.162.030 - Permitted Uses

The following uses are permitted outright, provided such uses meet the applicable environmental performance standards contained in Division VIII:

A. Uses permitted outright in the RC zone, Section 16.28.020; the HDR zone, Section 16.20.020; and the MDRL zone, Section 16.16.020; provided that uses permitted outright on any given property are limited to those permitted in the underlying zoning district, unless otherwise specified by this Section and Section 16.162.040. (Ord. 2006-009 § 2)

G. Offices or architects, artists, attorneys, dentists, engineers, physicians, accountants, consultants and similar professional services.

H. Uses permitted outright in the RC zone are allowed within the HDR zone when limited to the first floor, adjacent to and within 100 feet of, Columbia Street within the Old Town Overlay District. (Ord. 2002-1128 § 3; 94-990; 92-946; 87-859)

FINDING: The building currently houses a Dental Office and is a permitted outright use as noted in Section 16.162.030.G above. This criterion is satisfied.

16.162.070 - Community Design

Standards relating to off-street parking and loading, environmental resources, landscaping, historic resources, access and egress, signs, parks and open space, on-site storage, and site design as per Divisions V, VIII and this Division shall apply, in addition to the Old Town design standards below:

A. Generally

In reviewing site plans, as required by Chapter 16.90, the City shall utilize the design standards of Section 16.162.080 for the "Old Cannery Area" and the "Smockville Design Standards" for all proposals in that portion of the Old Town District.

B. Landscaping for Residential Structures

- 1. Perimeter screening and buffering, as per Section 16.92.030, is not required for approved home occupations.**
- 2. Minimum landscaped areas are not required for off-street parking for approved home occupations.**
- 3. Landscaped strips, as per Sections 16.92.030 and 16.142.030A, may be a minimum of five (5) feet in width, except when adjoining alleys, where landscaped strips are not required.**
- 4. Fencing and interior landscaping, as per Section 16.92.030, are not required.**

FINDING: This criterion is not applicable, since the existing Dental Office building is utilized as a Commercial Structure.

C. Off-Street Parking

For all property and uses within the "Smockville Area" of the Old Town Overlay District off-street parking is not required. For all property and uses within the "Old Cannery Area" of the Old Town Overlay District, requirements for off-street automobile parking shall be no more than sixty-five percent (65%) of that normally required by Section 16.94.020. Shared or joint use parking agreements may be approved, subject to the standards of Section 16.94.010.

FINDING: Off-street parking is not required in the "Smockville" portion of the Old Town overlay. This criterion is met.

D. Off-Street Loading

1. Off-street loading spaces for commercial uses in the "Old Cannery Area" may be shared and aggregated in one or several locations in a single block, provided that the minimum area of all loading spaces in a block, when taken together, shall not be less than sixty-five percent (65%) of the minimum standard that is otherwise required by Section 16.94.030B.

2. For all property and uses within the "Smockville Area" of the Old Town Overlay District, off-street loading is not required.

E. Signs - In addition to signs otherwise permitted for home occupations, as per Section 16.42.010, one (1) non-illuminated, attached, exterior sign, up to a maximum of nine (9) square feet in surface area, may be permitted for each approved home occupation.

F. Non-conforming Uses - When a nonconforming lot, use, or structure within the OT overlay zone has been designated a landmark as per Chapter 16.166, or when a nonconforming lot within the OT overlay zone is vacant, and the proposed change will, in the City's determination, be fully consistent with the goals and standards of the OT overlay zone and other City guidelines to preserve, restore, and enhance historic resources, nonconforming use restrictions contained in Chapter 16.48 may be waived by the Commission.

ANALYSIS: The property is in the Smockville Area and off-street loading is not required. The applicant is not proposing a home occupation or a non-conforming use at this time and therefore these criteria are not applicable.

G. Downtown Street Standards - All streets shall conform to the Downtown Street Standards in the City of Sherwood Transportation System Plan and Downtown Streetscape Master Plan, and as hereafter amended. Streetscape improvements shall conform to the Construction Standards and Specifications, and as hereafter amended.

FINDINGS: The Engineering Department has reviewed the proposal and states that since the proposal is only for renovations to the existing building (siding and roof), there are no public improvements required to be constructed. Therefore, this criterion is not applicable.

H. Color - The color of all exterior materials shall be earth tone. A color palette shall be submitted and reviewed as part of the land use application review process and approved by the hearing authority.

ANALYSIS: The applicant proposes materials comprised of pure white, urbane bronze, and functional gray tones that are earth toned. The applicant has submitted a color palette and pictures for approval as part of the applicant's materials found in Exhibit A.

FINDING: Based on the above discussion, the applicant meets this criterion.

16.162.090 OLD TOWN SMOCKVILLE DESIGN STANDARDS

C. REMODELING OF EXISTING RESIDENTIAL AND COMMERCIAL STRUCTURES

Remodeling Standard 1: Original Elements

Elements that are original to a vintage, traditional or historic structure (defined in this standard as primary, secondary, or any structure 50 years or older that is eligible for landmark designation and professionally surveyed) are an important characteristic. These elements enhance appeal and retain the overall historic fabric of a neighborhood. In most cases, buildings with these original parts can and should be restored, first by restoring the original and, if that is not possible, replacing only those parts that are missing or badly damaged with in-kind material. With few exceptions, total replacements are unnecessary unless the original materials were not historically compatible or traditional at the time of construction. The Secretary of the Interior's Standards for Rehabilitation should be consulted in situations not covered by these standards. Where alterations to an exterior structure are proposed, they shall conform to the following:

- a. **Doors:** The original door and opening shall be retained, unless beyond local repair. If a new door must be used the style should match the original whenever possible.
- b. **Windows:** Original windows shall be retained and, if necessary, restored to working condition. If desired, they can be insulated using the energy conservation methods listed below. Original glass should be retained whenever possible. If all of the above is not possible, then the frame shall be retained and a true retrofit sash replacement shall be installed that matches the glass pattern of the original window.
- c. **Chimneys:** Chimneys made of brick or stone shall be retained, and repaired using proper masonry techniques and compatible mortar that will not chemically react with the original masonry and cause further deterioration. If the chimney is no longer in use, the opening should be covered with a metal or concrete cap. If the chimney is to be used, but has been determined to be unsound, the chimney masonry should be retained, as above, and a new flue inserted into the opening.
- d. **Skylights:** Skylights should be placed on the side of the structure not visible from the public right of way, and should be of a low profile type design.
- e. **Gutters:** Original gutters should be retained, if possible. Half round gutters and round downspouts are highly desirable, and can be obtained from local manufacturers.
- f. **Architectural Elements:** Window trim, corner board trim, sills, eave decorations, eave vents, porch posts, and other types of original architectural trim should be retained. If parts are missing, they should be replicated using the same dimensions and materials as the original. If only a portion is damaged, the portion itself should be repaired or replaced, rather than replacing the whole element.
- g. **Siding:** Original siding should be maintained; first repairing damaged sections then, if that is not possible, replacing damaged or missing sections with in-kind matching material. In some cases, original siding may have been overlaid during a later historic period with combed cedar siding, which is a historically appropriate material that may be retained if desired.
- h. **Weatherization & Energy Conservation:** Modern energy conservation results can be obtained, by using traditional conservation methods. Attics and floors should be insulated to conserve heat loss in the winter and insulate against the heat in the summer. Windows and doors should be caulked around the inside trim, and copper leaf spring type weather stripping or similar installed to seal leaks. Storm windows (exterior or interior mounted) should be put up during the winter months to create insulation. Windows can be further insulated in winter

using insulated-type curtains or honeycomb blinds; in summer, curtains or blinds reflect heat. Using deciduous trees and plants for additional sun protection.

APPLICANT'S RESPONSE: Few of the original design elements of the structure are remaining after several remodels over the past 50 years. The proposed renovation will retain the hipped roof form, the street/pedestrian scale and the massing of the original construction. The original windows were removed and replaced in the late 1970s. New double-hung windows will be installed in all areas visible from the public right-of-way. The original chimney was removed. The chimney that is currently on the structure will be removed as part of this roof replacement. Skylights were added to the street-facing side of the roof in 1979 and will remain as part of this proposal. The original gutters were replaced at some point. The existing gutters will be repaired as needed. There are no original architectural details that have remained through past remodels. The renovated facades will incorporate typical vernacular trim details at windows and doors, porch posts, and water table. No original siding is visible. The current street-facing siding is diagonal cedar boards and stucco. This will be removed and replaced with a traditional lap and board and batten siding.

ANALYSIS: Staff concurs with the applicant's statement above.

D. Remodeling Standard 2: Front Facing Presentation

Traditionally, the portions of a structure facing the public right of way were considered the most important for presenting an aesthetically pleasing appearance. Skylights were not used, and there was very little venting since the structures were not tightly enclosed and wrapped as they are today. Therefore, keeping all modern looking venting and utilities to the side that is not visible from the public right of way is important and greatly adds to the appearance.

- a. Skylights:** Skylights shall be placed on the side of the structure not visible from the public right-of-way, and shall be of a low profile design.
- b. Roof vents:** Roof vents should, wherever possible, be placed on the side of the structure least visible from the public right of way, and painted to blend with the color of the roofing material. Where possible, a continuous ridge vent is preferred over roof jacks for venting purposes. In the case of using a continuous ridge vent with a vintage structure, care should be taken in creating inconspicuous air returns in the eave of the building.
- c. Plumbing vents:** Vents should, wherever possible, be placed on the side of the structure least visible from the public right of way, and painted to blend with the color of the roofing material.

ANALYSIS: Per applicant's narrative, the existing skylights and plumbing vents will be kept in the current locations. Proposed alterations to the structure will not impact/relocate these two elements.

E. COMMERCIAL STRUCTURES:

The traditional commercial core area of Sherwood, including those properties in the Smockville Plat and First Addition Plat, reflect the historic character of the community as a small, agricultural service area. Buildings here have historically been of modest scale and construction, consistent with the community's vernacular design heritage. In order to maintain that basic character in the core the following standards govern all new commercial construction and remodeling projects requiring a structural building permit.

NOTE: The City encourages applicants to consider mixed-use projects. The following standards covering commercial structures shall apply for all mixed-use projects in the Old Town Smockville Area. The massing of a building includes its overall bulk, orientation, and placement on the site, forming the visual relationship between the building and its surroundings. Individual aspects of massing, particularly height, are subject to specific Standards below:

Commercial Standard 1: Volume & Mass

- a. Orientation: All buildings will be sited with the primary facade facing the public right-of-way. For corner buildings with a corner-facing entry, both street-facing elevations will be considered "facades" for purposes of this Standard.**
- b. Setback: All buildings will be located directly upon the property line with zero setback from the public right-of-way. Portions of the facade, such as recessed entryways or similar features, are exempted from this Standard provided they total less than 50% of the total facade width.**
- c. Width: Buildings shall extend from side lot line to side lot line to create a solid streetscape along the public right-of-way. An exception to this standard may be granted to provide for plazas, courtyards, dining areas, or pedestrian access. [See Standard 5, below, regarding vertical divisions).**

APPLICANT'S RESPONSE: The existing structure is oriented toward the public right-of-way with the exception of the entrance, which is setback in a courtyard at the side of the building. With the remodel, the entrance will not be moved or modified.

ANALYSIS: The proposed development will not modify the existing building orientation, setback or width. Modification to the existing entrance is not proposed.

Commercial Standard 2: Openings

To maintain and insure a pedestrian-friendly scale within Sherwood's traditional commercial core, storefronts and upper facades shall reflect the following:

- a. Verticality: All facade window openings shall maintain a generally vertical proportion (1.5:1 height/width ratio or greater, i.e. a 24" wide window must be a minimum 36" tall). An exception to this standard is allowed for large fixed storefront windows. Transom panels, spanning the entire storefront glazed area, are encouraged.**
- b. Transparency: Ground floor storefronts should be predominately "transparent," with a minimum of 75% glazed surface area, including entry doors.**
- c. Symmetry: Openings should generally reflect the bi-lateral symmetry of the traditional commercial development pattern. Asymmetrical facades that result from corner or other non-central entryways, or that result from varied massed forms joined into a single use are excluded from this Standard.**
- d. Prohibited Opening Types: To maintain the traditional commercial character of the core area, the following are prohibited:**
 - 1. Sliding or "French" entry door sets on the Facade (such doors are permitted on side and rear elevations only).**
 - 2. Roll-up garage doors (metal or wood), on the Facade (such doors are permitted on side and rear elevations only). Uses requiring large garage openings on the facade may use sliding or bi-fold doors, or metal with six over six windows. Wood and glass doors are encouraged.**

3. Reflective glazing, "mirror glass" and similar.
4. Horizontal slider windows (i.e. vertically oriented slider windows).
5. Arched or "fan light" type windows, except where inset into an articulated structural opening.

APPLICANTS RESPONSE: The existing façade windows are vertical in nature ranging in height-to-width ratio from 1.5:1 to 1.63:1. The size of these windows will not change but they will be replaced with double-hung windows. The existing façade is approximately 35% glazed and will remain unchanged. The openings are generally symmetrical and do not include any of the prohibited opening types.

ANALYSIS: The existing windows size and location (frame) remains unchanged. No additional windows are proposed and existing 35% glazing will remain unchanged. Prohibited opening types are not proposed.

Commercial Standard 3: Height

In order to increase opportunities to transit, reduce transportation impacts, and promote pedestrian activity, multiple story commercial or mixed-use construction is encouraged. All new commercial and mixed-use construction in the zone is subject to the following standards:

- a. **Maximum:** No building may be greater than 40 feet in overall height.
- b. **Minimum:** No single story building shall have a plate height of less than 16 feet high at the public right-of-way.
- c. **Variation:** Building height shall be differentiated a minimum of 6" from the average height of adjacent buildings to avoid a solid street wall of uniform height. An exception to this standard will be made for buildings that incorporate a projecting vertical division in the facade treatment that visually separates the facade from adjacent buildings, such as a column, pilaster or post.

APPLICANTS RESPONSE: The existing building is approximately 20' 6" in height. The existing plate height is nine (9) feet and will not be changed. There are no adjacent structures that the height must be varied from.

ANALYSIS: The proposal consist of alterations to an existing building. No new commercial or mixed-use construction is proposed. This design criterion is not applicable.

Commercial Standard 4: Horizontal Facade Rhythm

To maintain the rhythm of Sherwood's traditional architecture, all new commercial construction shall respect the three-part "base-shaft-capital" facade system common to pre-WWII commercial designs.

- a. **Base:** Buildings shall provide a visually articulated foundation or "base" feature, at ground level, typically rising to the bottom of the sill height. A "base" may be created by detail or a change in material or form that differentiates the base from the upper portions of the facade. (i.e. a brick or tiled "base" on a concrete building, or a paneled wood base on a horizontal sided wood building) This standard may also be met by projecting elements or change in surface planes that employ a common

b. material, i.e. a projecting brick sill and "apron" on a brick wall or a cast concrete shoulder that projects away from a concrete wall.

c. Stringcourse: Prominent horizontal lines shall be maintained between all floor levels, visually dividing the facade into horizontal sections that reflect the interior levels. Such features may be projecting or incised bands of common materials (as in brick or concrete) or applied trim, as in a wooden "bellyband."

d. Cornice Details: All buildings shall have a "cap" element at the uppermost portion of the facade that visually terminates the main facade surface. Cornice details may be integrated into a stepped or decorative parapet or consist of an articulated line that projects from the main surface plane. Modest marker blocks stating building name and date of construction are strongly encouraged.

APPLICANTS RESPONSE: The base of the existing structure is comprised of horizontal wood siding with an 8-inch exposure that will be maintained. The horizontal wood siding proposed for the body of the building will use a 6-inch exposure.

ANALYSIS: The proposal consist of alterations to an existing building. No new commercial construction is proposed. This design criterion is not applicable.

Commercial Standard 5: Vertical Facade Rhythm

Reflecting the narrow underlying land divisions common in Sherwood's downtown and creating visual interest that enhances the pedestrian scale, commercial facades shall have strong and clearly articulated vertical elements.

a. Multiple Bays: All storefronts shall be divided into vertical "bays" through the use of structural members such as columns, pilasters, and posts, or by the use of other surface detailing that divides large walls into narrower visual panels. No structure shall have a single "bay" larger than 30 feet, based upon the lot width of the "Original Smockville Plat" of the Town of Sherwood. Buildings occupying one or more original town lots (i.e., greater than 30 feet in width) shall be visually divided into multiple bays of 30' or one-half the overall lot width, whichever is the lesser. For example, the facade of a 50-foot wide structure shall be visually divided into two 25' wide bays. An 80' foot structure may be divided into two 30' bays and one 20' bay or into four 20' bays, either of which will meet this standard.

b. Edge Definition: All storefronts shall use a pilaster, engaged column, or other structural or decorative vertical element at each side lot line, to create visual division from the adjacent structure. (See Standard 3(C), above, regarding the use of projecting elements) For structures that do not extend from sideline to sideline (as per Standard 1(C) above) the outermost building corner will be treated as the edge for compliance with this Standard.

APPLICANTS RESPONSE: The existing facade "reads" as four vertical bays because of the windows which will remain in the same location. The main portion of the structure is a "bay" separate from the porch, neither of which exceeds 30 feet in width. Corner boards that terminate the horizontal wood siding will provide an appropriately scaled edge definition.

ANALYSIS: The existing windows create vertical “bays”. The windows location and size will not change, meeting the multiple bay standard. The proposed alteration will create a horizontal “bay” with the addition of a belly band and horizontal siding. The proposed corner boards will provide an edge definition.

Commercial Standard 6: Sense of Entry

All commercial buildings shall have a clearly defined "sense of entry," with the primary public access serving as a focal point in the visual organization of the facade. This can be accomplished via structural articulation, such as in a recessed entry, or through the use of trim, materials, or other elements. A clear and defined sense of entry facilitates retail activity and adds significantly to the pedestrian interest of the street.

a. Doors: Primary commercial entrances shall be primarily "transparent with no less than 50% of the total surface consisting of glass.

b. Integration: Entryways shall be architecturally integrated into the vertical and horizontal rhythms of the facade.

c. Depth: Recessed porches shall be no less than three (3) feet in depth.

APPLICANTS RESPONSE: The existing front entrance of the building is clearly defined with a door that is at least 50% transparent. The entryway is architecturally integrated into the vertical and horizontal rhythms of the facade.

ANALYSIS: Staff concurs with the applicant’s statement above.

Commercial Standard 7: Roof Forms

Traditional commercial roof forms, including flat, single-slope, or bowstring and other trussed roofs, are all typical of downtown Sherwood. Other roof forms, particularly gables, were screened from the public right-of-way.

a. Gable, hipped or similar residential style roof forms are prohibited for commercial buildings unless screened from the public right-of-way by a parapet or false front facade.

b. Mansard-type projecting roof elements, other than small, pent elements of 6/12 pitch or less that are incorporated into a cornice treatment, are prohibited for commercial buildings in the Old Town Area.

APPLICANTS RESPONSE: The existing roof is hipped as the structure was originally a residence. The proposed plan will retain the original hipped roof form in massing and shape. Although this building has not been used as a residence for some time and is not considered a commercial use of a residential building, the roof form is left over from a time when the building was utilized as a home. No other parts of the building reflect the structure’s beginnings as a residence besides the roof form. Requiring removal of the existing roof and replacement with a commercial roof form would not be compatible with the Old Town Overlay objectives

ANALYSIS: Staff has verified that the existing structure was originally a single family dwelling constructed with a hipped roof. The proposed development will not alter the roof form, but will replace the roof with new shingles. The cost of changing the roof form, to meet traditional commercial roof form standard, is not proportional to the proposed design alterations. Mansard-type projecting roof elements are not proposed.

Commercial Standard 8: Exterior Surface Materials

Exterior building materials shall be consistent with those traditionally used in commercial construction in Old Town Sherwood. These materials include but are not limited to:

- Horizontal wood siding, painted (concrete fiber cement siding, or manufactured wood-based materials are acceptable under this standard provided they present a smooth finished surface, not "rustic" wood grain pattern)
- True board and batten vertical wood siding, painted
- Brick: Traditional use of red brick laid in common bond is preferred. Rustic, split-faced or "Roman" brick may be appropriate for bulkheads or detail treatments but is prohibited as a primary building material. Highly decorative "washed", glazed, or molded brick forms are prohibited.
- Stucco (for foundations and decorative panels only)
- Poured concrete (painted or unpainted)
- Concrete block: Split faced concrete block is appropriate for foundations, bulkhead, or detail treatments but is prohibited as a primary building material. Smooth-faced Concrete Masonry Units (CMU) is prohibited when visible from the public right-of-way.
- Ceramic tile, as a detail treatment, particularly for use in bulkhead or storefront areas.

Use of the following exterior materials are specifically prohibited within the zone:

- Stucco, as a primary wall surface
- Stucco-clad foam (EIFS) and similar foam-based systems
- Standing seam metal sheet goods for siding or visible roofing
- T-111 or similar 4' x 8' sheet materials and plywood
- Horizontal metal or vinyl siding
- Metal/Glass curtain wall construction
- Plastic (vacuum-formed or sheetgoods)
- Faux stone (slumpstone, fake marble, cultured stone) and all similar stone veneer surface treatments) with the exception of 10% of frontal area is allowed of a brick-type faux material
- Shingle siding, log construction, fake "rustic" wood, pecky cedar and similar products designed to create a "Frontier" era effect.

APPLICANT RESPONSE: The residing project will consist of painted horizontal wood siding and painted board and batten.

ANALYSIS: Staff concurs with the applicant's response.

Commercial Standard 9: Awnings and Marquees

Awnings and marquees projecting from the facade over the public right-of-way are a traditional commercial element and enhance pedestrian interest and use by providing shelter. Such features are encouraged but are not required in the zone. Where awnings or marquees are an

element in a proposal they shall conform to the following and are eligible to receive a five foot height bonus:

a. Scale: Awnings and marquees shall be proportionate in size to the facade and shall not obscure architectural detail.

b. Placement: Awnings should fit entirely within the window or door openings, retaining the vertical line of columns and wall surfaces. Storefront awnings may be full width, crossing interior posts, to a maximum of 25 feet, provided the edge-definition (See Standard 5(B), above) remains visible.

c. Materials: Awnings

1. Cotton, acrylic canvas, or canvas-like materials are required for use in the zone. The use of vinyl awnings is specifically prohibited.
2. Fixed metal awnings of corrugated metal are permitted provided the pitch is 5/12 or less.
3. Wood shingle awnings are permitted provided the pitch is 5/12 or less.

d. Materials: Marquees

1. Natural or painted metal surfaces over an internal structural framework are traditional marquee design and are preferred.
2. Painted wood marquees are permitted.
3. Plastic panels or any form of internally illuminated marquees are prohibited.
4. Glass or transparent elements that reveal other light sources are prohibited.

e. Shapes: Traditional single-slope awnings are preferred. "Bubble" or rounded shapes are specifically prohibited except when used with rounded structural openings of the facade wall such as arch-topped windows.

f. Lighting: Internal awning lighting is prohibited.

g. Signage: Signs or painted graphics are limited to the valance or "edge" of the awning or marquee only.

h. Height Bonus: In addition to awnings or marquees, the overall design shall include at least one of the following amenities:

- Public art installation subject to Cultural Arts Commission and City Council approval.
- Additional public bike parking: 1 additional space per residential unit.
- A courtyard or plaza facing the street open to the public subject to Commission approval.

ANALYSIS: The project does not propose any awnings or marquees. This design criterion is not applicable.

Commercial Standard 10: Secondary Elevations

By nature, non-street or alley-facing elevations were less detailed than the primary facade. Rear and sidewall elevation should accordingly be significantly less detailed than storefronts and built of simple materials.

- a. Public Rear Entrance:** When a rear or alley entry serves as the primary or secondary public entrance, modest detail or highlight should create a "sense of entry" as in Standard 6, above. Rear entrances, even when intended as the primary entrance to the use, should remain essentially functional in character, reinforcing the primacy of the street-facing elevation.
- b. Corner Entrances:** When a storefront includes a corner entry, both adjacent facades facing the public right-of-ways shall be treated as the "facade" for purposes of these Standards. When a storefront has a visible sidewall elevation as the result of Standard 1(C), above, that elevation shall be treated as a facade in addition to the primary facade.

APPLICANTS RESPONSE: This site does have secondary access to the alley; however, this is not considered a public entrance.

ANALYSIS: The site does have a secondary access through the alley and per the applicant's narrative it is not considered a public entrance. This access point is not a public rear entrance nor a corner entrance. This design criterion is not applicable.

Commercial Standard 11: Additions to Existing Buildings

Additions to existing commercial buildings in the Old Town Sherwood area are subject to the same standards as new construction, except as limited by the following:

- a. Compatibility:** Additions to existing properties that are visible from the public right-of-way will continue the existing character of the resource or return to the documented original character in scale, design, and exterior materials. The creation of non-documented elements outside the traditional vernacular character such as towers, turrets, elaborate surface decoration and similar "earlying-up" is prohibited. [Earlying-up is defined as the process of creating a false and more elaborate history than is appropriate within an area's traditional development pattern. In Sherwood "earlying-up" would include the use of elaborate architectural styles, materials, or construction forms only found in San Francisco, Portland, or other larger cities].
- b. Attachment:** Additions should "read" as such, and be clearly differentiated from the historic portion of the structure and shall be offset or "stepped" back from the original volume a minimum of four (4) inches to document the sequence of construction. An exception to this standard is allowed for the reconstruction of previously existing-volumes that can be documented through physical or archival evidence.
- c. Storefront volumes:** Additions that extend the storefront/facade of a structure, even when creating a joined internal space, shall be treated as a new and separate building facade for review under these Standards.
- d. Non-Compatible Materials:** Repair of existing non-compatible materials is exempt from Standards 11(A). Rear-facing additions to existing buildings may continue the use of these materials so long as they are a continuation of the attached materials.
- e. Rear Additions, Excluded:** Storage with no physical attachment to the existing volume or other functional additions of less than 1,000 square feet located to the rear of an existing volume, and not visible from the public right-of-way are excluded from compliance with these

Standards. Such functional additions shall include covered porches, loading docks, and similar features provided they are not intended for public use or access.

ANALYSIS: The applicant is not proposing any additions to the existing structure. This design criterion is not applicable.

Commercial Standard 12: Front-Facing Presentation

Traditionally, the portions of a structure facing the public right of way were considered the most important for presenting an aesthetically pleasing appearance. Skylights were not used, and there was very little venting since the structures were not tightly enclosed and wrapped as they are today. Therefore, keeping all modern looking venting and utilities to the side that is not visible from the public right of way is important and greatly adds to the appearance.

a. Skylights: Skylights shall be placed on the side of the structure not visible from the public right of way, and shall be of a low profile design.

b. Roof vents: Roof vents should, wherever possible, be placed on the side of the structure least visible from the public right of way, and painted to blend with the color of the roofing material. Where possible, a continuous ridge vent is preferred over roof jacks for venting purposes. In the case of using a continuous ridge vent with a vintage structure, care should be taken in creating inconspicuous air returns in the eave of the building.

c. Plumbing vents: Vents should, wherever possible, be placed on the side of the structure least visible from the public right of way, and painted to blend with the color of the roofing material.

APPLICANTS RESPONSE: No changes to skylights, roof vents or plumbing vents are part of this project.

ANALYSIS: The proposed alterations does not alter existing skylights, roof or plumbing vents. The changes are to the exterior of the building with new siding, paint, windows and roof.

FINDING: The applicant's materials demonstrate that the proposed alterations to the existing Dental Office would comply with the Commercial Design standards as discussed above.

STAFF RECOMMENDATION

Based upon review of the applicant's submittal information, review of the code, agency comments and consideration of the applicant's revised submittal, staff finds that the requested approval can comply with the applicable standards of the SZCDC. Therefore, staff recommends land use **approval of Sherwood Old Town Dental Alteration Case File No: LA 18-01 with the following conditions:**

V. Conditions of Approval

1. Compliance with the Conditions of Approval is the responsibility of the developer or its successor in interest.
2. This land use approval shall substantially comply with the submitted preliminary site plans except as indicated in the following conditions of the Notice of Decision. Additional development or change of use may require a new development application and approval.
3. The developer/owner/applicant is responsible for all costs associated with private/public facility improvements.
4. **This approval is valid for a period of two (2) years from the date of the decision notice.** Extensions may be granted by the City as afforded by the Sherwood Zoning and Community Development Code.
5. The continual operation of the property shall comply with the applicable requirements of the Sherwood Zoning and Community Development Code and Municipal Code.
6. This approval does not negate the need to obtain permits, as appropriate from other local, state or federal agencies even if not specifically required by this decision.
7. A building permit must be obtained for the replacement of the roof, siding and windows.

VI. EXHIBITS

- A. Applicant's submitted materials June 20, 2018
- B. COS Building Comments dated July 30, 2018
- C. COS Engineering Comments dated July 19, 2018
- D. Clean Water Services Comments dated July 31, 2018
- E. Tualatin Valley Fire & Rescue Comments dated July 17, 2018
- F. Pride Disposal Comments dated July 17, 2018

END OF REPORT



Sherwood Comprehensive Plan Update: Background Report – Economy

Prepared for the Comprehensive Plan Citizen Advisory Committee, June 2018

Introduction

Sherwood has changed dramatically over the years, yet the community’s vibrant small-town character has endured. When the City’s Comprehensive Plan was last updated in 1990, Sherwood was home to 3,000 residents. Since then, Sherwood has doubled in physical size and has over 19,000 residents with changing demographics. A conscious effort must be made to maintain and improve Sherwood’s celebrated livability another 20 years. This means ensuring that there are affordable homes for our families and jobs to help them thrive.

To guide future growth and development, the City of Sherwood is updating its Comprehensive Land Use Plan. The Comprehensive Plan addresses issues such as housing, parks, transportation, natural resources, economic development and public facilities. The main components of the Comprehensive Plan include a Vision, Inventories and Policies. The Vision describes what the community wants to be in the future. The City is currently engaging community members to create a 20-year vision for Sherwood. Inventories contain facts about land use resources and development trends in the city. Policies are based on the Vision and Inventories and direct land use decisions.

The City is preparing an inventory to help guide the Economic Development portion of the Plan. The Economic Opportunities Analysis (EOA) identifies economic trends and opportunities and forecasts employment land needs for the next 20 years. The results of the EOA will be used to develop policy recommendations in the Comprehensive Plan update.

The EOA will help the City:

- Promote economic development and create jobs for residents of Sherwood and surrounding communities.

- Develop policies to ensure adequate land to accommodate identified employment needs.
- Update the comprehensive plan to demonstrate compliance with Statewide Planning Goal 9.

There will be several opportunities for Sherwood community members to participate in the Economic Opportunity Analysis process. Community and Technical Advisory Committees will meet five times throughout the course of the EOA and economic policy development. These meetings are open to the public. The City also will host a community meeting and conduct an online survey for community members to help develop economic policies and strategies for the future.

Planning for Economic Development Matters

Oregon has a set of 19 Statewide Planning Goals, which serve as the foundation of the state's land use planning program that is implemented at the local level through the Comprehensive Plan. Statewide Planning Goal 9 is called Economic Development, and seeks to "provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens." Goal 9 requires that Comprehensive Plans "contribute to a stable and healthy economy" and that they be based on "inventories of areas suitable for increased economic growth and activity."

<https://www.oregon.gov/LCD/docs/goals/goal9.pdf>

The City of Sherwood will comply with Goal 9 by preparing an Economic Opportunities Analysis (EOA), which is used to help develop Comprehensive Plan goals and policies that are consistent with the EOA and which reflect City priorities and strategies. The EOA update will include a number of components to meet the requirements of Goal 9, including an Economic Trends Analysis, a Target Industry Analysis, a Forecast of Employment Land Need, and an Evaluation of Employment Land Supply (the Buildable Land Inventory). The EOA will include specific recommendations for the City's employment areas, including the Tonquin Employment Area and Old Town Sherwood.

Sherwood's Economic Development Strategy, January 2007

The City of Sherwood developed an Economic Development Strategy to identify the needs of both existing and future employers and establish goals, objectives, and actions that will meet those needs in the short term and over the next 20 years. The project included an Economic Opportunities Analysis (EOA) that complied with Statewide Planning Goal 9. The 2007,

Economic Development Strategy Report includes:

- Vision, Goals and Objectives
- Existing Conditions
- Economic Opportunities Analysis
- Fiscal Analysis
- Economic Development Issues
- Action Plan

The Economic Development Strategy was subsequently adopted into the Comprehensive Plan and an EOA summary and economic policies were adopted into the Chapter 4 – Land Use replacing the economic development language, data and policies in the plan from the 1991 update. Below is a link to the full Economic Development Strategy document:

http://www.sherwoodoregon.gov/sites/default/files/fileattachments/Economic%20Development/page/85/economic_development_strategy.pdf

Economic Development and Sherwood’s Current Comprehensive Plan, Update 2007

Chapter 4 - Land Use of Sherwood’s existing Comprehensive Plan is broken into three individual elements, including Buildable Lands, Housing, Economic Development, Zoning and Community Design Elements. The Economic Development Element was updated in 2007 when the City completed an update to the EOA and completed an Economic Development Strategy and adopted them as part of the comprehensive plan. The text of the comprehensive plan economic element contains a vision statement, a summary of the EOA, and economic development policies and strategies.

http://www.sherwoodoregon.gov/sites/default/files/fileattachments/Planning/page/1290/tea_ch_4_comp_plan_changes_attachment_2_part_1_ord.2009-009_update.pdf

The vision statement and the economic development policies and strategies from the comprehensive plan are listed below for your quick reference. These are the current guiding economic policies for the City:

Economic Development Vision

“The City of Sherwood will drive economic development and support businesses that provide jobs for our residents by building on our assets and developing the necessary infrastructure to retain existing businesses and support new businesses. Economic development also will be

supported by maintaining our livability and character as a clean, healthy, and vibrant suburban community where one can work, play, live, shop and do business.”

Economic Development Policies and Strategies

Policy 1: The City will coordinate on-going economic development planning with involved public and private agencies at the state, regional, county and local level.

Strategy:

The City will cooperate with the Washington County OEDP Committee through the exchange of data and the development and implementation of a County Economic Development Plan.

The City will develop and update an economic database through a two-way sharing of information between public and private agencies involved in economic planning.

Policy 2: The City will encourage economic growth that is consistent with the management and use of its environmental resources.

Strategy:

The City will adopt and implement environmental quality performance and design standards for all industrial, commercial and institutional uses.

The City will seek to attract non-polluting industries to the urban area.

The City will acquire and preserve the Cedar Creek and Rock Creek greenways and provide bikeway and pedestrian linkages between residential and non-residential areas.

Policy 3: The City will direct public expenditures toward the realization of community development goals by assuring the adequacy of community services and facilities for existing and future economic development.

Strategy:

The City will develop and implement a 5-year capital improvements program and budgeting system for land acquisition and capital facilities development consistent with the Comprehensive Plan.

The City will coordinate planning with special districts providing services to the urban area to assure the adequacy of those services to support economic development.

The City will continue to develop plans and improvement programs for parks, libraries and other “soft” services, recognizing that adequate facilities in these areas are an important component in business attraction and retention.

Policy 4: The City will seek to improve regional access to the urban area as a means to encourage local economic development.

Strategy:

The City will work with the cities of Tualatin, Tigard, and Wilsonville, MSD, and Tri-Met to improve local access to the Planning Area via Highway 99W and I-5. See transit policies in Chapter 6.

The City will encourage the maximum use of the railroad corridor, encourage the development of spur service lines where needed and evaluate the feasibility of passenger service.

Policy 5: The City will seek to diversify and expand commercial and industrial development in order to provide nearby job opportunities, and expand the tax base.

Strategy:

The City will encourage the revitalization of the Old Town Commercial area by implementation of 1983's "Old Town Revitalization Plan" and the Old Town Overlay Zone.

The City will encourage the development of light industrial and office parks.

The City will seek to attract industries that are labor and capital intensive.

The City will seek to attract "target" industries which will expand industrial sectors inadequately represented in the urban area in order to diversify and stabilize the local economy.

Policy 6: The City will seek funding through EDA or HUD for the rehabilitation of the Old Town and Washington Hill neighborhoods.

Strategy:

The City will seek implementation of new and rehabilitated housing goals set in the Regional Housing Opportunity Plan.

The City will encourage the provision of affordable housing by designating areas within the City for medium density and high density developments, and by participating in State and Federal housing subsidy programs.

In addition to the policies and strategies developed by the Community with the 1990 Comprehensive Plan, the Economic Development Strategy (EDS) developed in 2006 includes the following policies and strategies (referred to as goals and objectives in the EDS).

Policy 1: Support existing businesses and recruit additional businesses that provide local family-wage jobs. Replace any employment land rezoned for other uses with other employment land.

Strategy 1.1: Capture existing workers in Sherwood who now work elsewhere.

Strategy 1.2: Provide locations and support for local jobs for local residents.

Strategy 1.3: Support and build upon manufacturing and other industries likely to produce family-wage jobs.

Policy 2: Support tourism as an economic engine.

Strategy 2.1: Promote the cultural arts and historical attractions as tourism generators.

Strategy 2.2: Continue to promote sporting events (i.e., Sports Town USA) as a tourism engine for Sherwood.

Strategy 2.3: Leverage the presence of the Tualatin River National Wildlife Refuge, and its anticipated 50 to 60 visitors per day, to increase tourism in Sherwood.

Strategy 2.4: Promote Sherwood as the "Gateway to the Oregon wine country."

Strategy 2.5: Address the lack of hotels or other bed and breakfast lodging within the city limits to increase Sherwood's tourism potential.

Policy 3: Develop the infrastructure and services necessary to support economic development in Sherwood.

Strategy 3.1: Identify and protect strategic industrial and other employment sites.

Strategy 3.2: Prioritize infrastructure improvement projects according to their anticipated economic benefit.

Strategy 3.3: Calculate the employment land mix necessary to help the city be self-sustaining in terms of the provision of adequate utilities and services.

Strategy 3.4: Encourage the growth of a variety of restaurants and retail establishments that would cater to business people.

Strategy 3.5: Improve transportation access to support tourism and other economic development strategies.

Policy 4: Develop a local workforce of residents whose skills are compatible with the needs of local businesses.

Strategy 4.1: Identify the workforce needs of local employers.

Strategy 4.2: Provide workforce training for Sherwood residents.

Commercial Planning Designations

General Objectives

1. To provide for commercial activities which are suitable to regional, community and neighborhood demand.
2. To locate commercial activities with safe and convenient access by consumers.
3. To encourage the location of commercial uses in well-planned commercial centers.
4. To provide an adequate amount of serviceable commercial land that meets market demand.

Policies and Strategies

In order to address the above general objectives the following policies are established.

Policy 1. Commercial activities will be located so as to most conveniently service customers.

Strategy:

Community wide and neighborhood scale commercial centers will be established.

Commercial centers will be located so that they are easily accessible on major roadways by pedestrians, auto and mass transit.

Neighborhood commercial centers will be designated in or near residential areas upon application when need and compatibility to the neighborhood can be shown.

Policy 2. Commercial uses will be developed so as to complement rather than detract from adjoining uses.

Strategy:

Commercial developments will be subject to special site and architectural design requirements.

The number and locations of commercial use access will be limited along major streets in accordance with the City's Transportation Plan.

Non-Retail and primarily wholesale commercial uses will be separated from retail uses where possible.

The older downtown commercial area will be preserved as a business district and unique shopping area.

A buffer between commercial uses and adjoining greenways, wetlands, and natural areas shall be established.

Policy 3. Highway 99W is an appropriate location for commercial development at the highway's intersections with City arterial and major collector roadways.

Policy 4. The 1983 “Sherwood Old Town Revitalization Plan” and its guidelines and strategies are adopted as a part of the Sherwood Comprehensive Plan.

The City will continue to encourage implementation of the goals, objectives, strategies and improvement projects outlined in the “Old Town Revitalization Plan.”

Industrial Planning Designations

General Objectives

1. To encourage the development of non-polluting industries in designated, well planned industrial areas.
2. To locate industrial development so as to assure its compatibility with the natural environment and adjoining uses.
3. To establish criteria for the location of designated classes of industrial uses.
4. To promote diversification of the City's economic base by promoting business retention and expansion, business recruitment and marketing.
5. To assure that public facilities are extended in a timely and economic fashion to areas having the greatest economic development potential.

Policies and Strategies

In order to address the above general objectives, the following policies for industrial development are established.

Policy 1. Industrial uses will be located in areas where they will be compatible with adjoining uses, and where necessary services and natural amenities are favorable.

Strategy:

Only non-polluting industries meeting specific performance standards relating to noise, glare, vibration, water, air and land pollution will be allowed. Industrial uses will be subject to special design and site review standards including those assuring proper access, landscaping, buffers, setbacks and architectural design. Buffers shall be established between industrial uses and designated greenways, wetlands and natural areas.

Industrial uses will be encouraged to locate in industrial planned unit developments.

Industrial development will be allowed only on suitable land and soils which have adequate support strength.

Industrial development will be restricted to those areas where adequate major roads, and/or

rail, and public services can be made available.

Policy 2. The City will encourage sound industrial development by all suitable means to provide employment and economic stability to the community.

Strategy:

The City will allocate land to meet current and future industrial space needs which will provide an appropriate balance to residential and commercial activities.

The City will encourage clean capital and labor intensive industries to locate in Sherwood.

The City will prohibit the development of large-scale retail uses with significant traffic impacts and large parking requirements on industrially zoned land.

Tonquin Employment Area Concept Plan (2010) and Implementation Plan (2015)

The Tonquin Employment Area (TEA) was brought into the Urban Growth Boundary by Metro in 2004 and the City of Sherwood completed a concept plan for the area in 2010. While this area is not yet in the City of Sherwood, in 2013, residents of Sherwood voted to support annexation when property owners choose to submit requests to the City Council. In an effort to continue to help facilitate the ultimate development of the area, the City applied for and received a grant from Metro to prepare an implementation plan for the TEA. The implementation plan is complete and was formally accepted by the City Council on June 16, 2015. The implementation plan provides an in depth analysis of issues and opportunities along with specific recommendations that the City could consider to help provide incentives or remove obstacles to encourage development in the area.

<http://www.sherwoodoregon.gov/planning/page/tonquin-employment-area-tea>

Since most of Sherwood's buildable employment land in in the TEA, this document contains significant additional economic development policies and actions of the City of Sherwood.

Economy and Sherwood's Comprehensive Plan Vision 2018

In 2018, the City of Sherwood undergoing a comprehensive plan visioning process. The process will create a new vision statement, goals, and action items to achieve in the next 20 years. The vision, goals, and actions received input from a variety of people and groups, including the Sherwood citizens, a Citizen Advisory committee (CAC), staff, City Council, Planning

Commission, and a variety of other stakeholders through a series of community events, community conversations, surveys, and Town Halls/Vision Summits.

The visioning process will bring about several goals and action items that will relate to the Comprehensive Plan Economy chapter.

Vision Goal Statements: TBD

Vision Action Items: TBD

Policy Questions, Observations, and Implications

In determining how the Comprehensive Plan Update can support Sherwood’s Comprehensive Vision goals and the EOA in terms of buildable lands, assets, trends, opportunities and challenges; we can consider the following questions and observations:

- How do we increase the percentage of people that both live and work in Sherwood?
- What types of businesses/industries does Sherwood want to attract over the next 20 years and how should we accommodate their land needs?
- Should the zones for industrial and commercial uses be more or less flexible for cross-over uses?
- What are Sherwood’s advantages and disadvantages in terms of economic development and job creation?
- Should Sherwood prioritize the development of infrastructure and provision of services to employment land over residential land or other general fund community services?
- How should we account for emerging trends and technology that may impact the economy, such as increased automation, e-commerce, and self-driving cars?
- Please provide additional thoughts on policy questions, observations and implications

Sherwood Economic Opportunities Analysis

August 2018

Prepared for:
City of Sherwood

DRAFT REPORT

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Acknowledgments

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For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com. For more information about this report, please contact:

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Summary

This report presents an economic opportunities analysis consistent with the requirements of statewide planning Goal 9 and the Goal 9 administrative rule (OAR 660-009). Goal 9 describes the EOA as “an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends” and states that “a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located.”

Note to reviewers: The final version of the EOA will include a summary

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1. Introduction

This report presents an Economic Opportunities Analysis (EOA) for the City of Sherwood. The purpose of an EOA is to develop information as a basis for policies that capitalize on Sherwood opportunities and help address the City's challenges. The EOA includes technical analysis to address a range of questions that Sherwood faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth Sherwood should plan for over the 2018 to 2038 period and identifies the amount and type of employment land necessary to accommodate growth in Sherwood over that period. The EOA also includes an inventory of commercial and industrial land within Sherwood's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to state objectives for economic development (OAR 660-009-0020(1)(a)) and to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries.

Background

The City of Sherwood last evaluated economic trends in an Economic Development Strategy and EOA in 2006, based on the 2000 Census data. Substantial changes have occurred in the national and regional economy since 2006 that have implications for economic growth in Sherwood, such as the recovery from the Great Recession as well as the changes in retail and increased automation. Since then, Greater Portland Inc. completed a five-year economic development strategy for the Portland region in 2015, *Greater Portland 2020*, defining emerging industry clusters and policies for economic development in the region. The City of Sherwood completed a concept plan for the Tonquin Employment Area in 2010 and an implementation plan for the area in 2015, building on policies in the 2006 EOA and aligning with the target industries identified by Greater Portland Inc.

The purpose of this project was to develop a factual base to provide the City with information about current economic conditions. This factual basis, presented in this report, provides information necessary for updating the City's economic development Comprehensive Plan policies. This report identifies opportunities to meet the City's economic development objectives and develop Comprehensive Plan policies and implementation strategies that capitalize on the City's comparative advantages and address areas of economic weakness.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in

managing economic development, such as a lack of larger industrial sites to support growth of businesses that require large sites, underutilized commercial land, underutilized industrial land, and a lack of policy direction to address these issues.

The EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. The EOA also uses information from the following reports:

- *Tonquin Employment Area: Market Analysis, Business Recruitment Strategy, and Implementation Plan*, June 5, 2015
- *Urban Growth Report*, Discussion Draft, Metro, July 3, 2018
- *Greater Portland 2020 Economic Prosperity for All: Regional Trends in Greater Portland's Target Clusters (2017)*
- *City of Sherwood Economic Development Strategy Final Report*, 2006

Framework for an Economic Opportunities Analysis

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.
2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area. Finally, cities within a Metropolitan Planning Organization (which

includes Sherwood) must adopt policies that identify a competitive short-term supply of land for desired industrial and other employment uses as an economic development objective.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025).* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

Plans for cities and counties within a Metropolitan Planning Organization, or cities and counties that adopt policies relating to the short-term supply of land must designate suitable land to respond to economic development opportunities as they arise.

Organization of this Report

This report is organized as follows:

- **Chapter 2. Buildable Lands Inventory** presents a summary of the inventory of employment lands.
- **Chapter 3. Factors Affecting Future Economic Growth** summarizes historic economic trends that affect current and future economic conditions in Sherwood as well as Sherwood's competitive advantages for economic development.
- **Chapter 4. Employment Growth and Site Needs** presents a forecast for employment growth in Sherwood and describes the City's target industries and site needs for potential growth in industries.
- **Chapter 5. Land Sufficiency and Conclusions** compares the supply of and demand for buildable lands and presents key concluding recommendations for Sherwood.

This report also includes one appendix:

- **Appendix A, Buildable Lands Inventory Methodology**

2. Buildable Lands Inventory

This chapter provides a summary of the commercial and industrial buildable lands inventory (BLI) for the Sherwood City Limits and Tonquin Employment Area. The City of Sherwood staff, in coordination with ECONorthwest staff, developed the buildable lands inventory analysis using Metro’s 2018 Buildable Lands Inventory as a starting point. The analysis complies with statewide planning Goal 9 policies that govern planning for employment uses. The full buildable lands inventory completed by City staff is presented in Appendix A.

Methods, Definitions, and Assumptions

The buildable lands inventory includes land in commercial and industrial Comprehensive Plan Designations within Sherwood’s city limits and in the Tonquin Employment Area, which is outside of the city limits but expected to annex into Sherwood before development occurs in the Area.

Definitions

Metro developed the buildable lands inventory with a tax lot database from RLIS. The tax lot database is current as of March 2018. The inventory builds from the database to estimate buildable land by plan designation. A key step in the buildable lands inventory was to classify each tax lot into a set of mutually exclusive categories. Metro classified all tax lots in Sherwood into one of the following categories:

- *Vacant land.*¹ Any tax lot that is “fully vacant (Metro aerial photo)”; or “with less than 2,000 sq. ft. developed AND developed part is under 10% of entire tax lot”; or that is “95% or more ‘vacant’ from the GIS vacant land inventory.”
- *Potentially redevelopable land.*² For taxlots that were not classified vacant or exempt, Metro included all other employment land taxlots in the strike-price model. Taxlots with a value greater than zero in the “net_emp_acres_strike_price” field in the Metro BLI GIS layer were considered to have redevelopment potential. The value in that field for each tax lot is the number of acres that is potentially redevelopable, not including constrained acres. Tax lots with a “net_emp_acres_strike_price” value of zero were considered developed.
- *Developed land.*³ Tax lots with a “net_emp_acres_strike_price” value of zero were considered developed.

¹ Appendix 2 Buildable Lands Inventory, 2018 Urban Growth Report (Discussion draft). Metro. June 2018. p. 20. https://www.oregonmetro.gov/sites/default/files/2018/07/03/UGR_Appendix2_Buildable_Lands_Inventory.pdf

² Appendix 2 Buildable Lands Inventory, 2018 Urban Growth Report (Discussion draft). Metro. June 2018.

³ Appendix 2 Buildable Lands Inventory, 2018 Urban Growth Report (Discussion draft). Metro. June 2018.

- *Exempt land.*⁴ Land that is classified as either, “tax exempt with property codes for city, state, federal and Native American designations; schools; churches and social organizations; private streets; rail properties; tax lots under 1,000 sq. ft. (0.023 gross acres); parks, open spaces and where possible private residential common areas.” Metro used GIS data and Assessor’s data to determine the status of exempt land. ECONorthwest included all tax lots classified as exempt land in the developed land tabular and mapping information, but these tax lots can still be distinguished in the GIS data layer.

Development Constraints

The physical constraints used in the Sherwood buildable lands inventory includes: areas subject to landslides, areas with slopes greater than 25%, lands within the 100-year flood plain, Metro’s Title 3 land (including Water Resource Conservation Areas), lands within Metro’s Title 13 Habitat Conservation Areas (Class I and II, A and B), Wetlands, and public facilities. Land with these constraints is considered unbuildable, as discussed below.

Results of the Buildable Lands Inventory

As part of developing the buildable lands inventory, ECONorthwest staff worked with City staff to verify the results of the buildable land inventory. Staff carefully considered the accuracy of land identified as vacant and potentially redevelopable to ensure that these areas have capacity for additional development, given the development constraints present on each tax lot.

Land Base

Table 1 shows commercial and industrial land in Sherwood by classification (development status). The results show that Sherwood has 931 total acres in commercial and industrial plan designations. Of the 931 acres in the UGB, about 407 acres (44%) are in classifications with no development capacity. Of the remaining 527 acres, 282 acres (30%) are constrained and 242 acres (26%) are buildable land with development capacity.

Note to reviewers: This version of the BLI does not include vacant Office Commercial and Light Industrial land in the Brookman Area. This land is not yet annexed into the City and is likely only a few acres. This oversight will be addressed with a revision to the BLI.

⁴ Appendix 2 Buildable Lands Inventory, 2018 Urban Growth Report (Discussion draft). Metro. June 2018. pp. 20-21.

Table 1. Employment acres by classification and plan designation, Sherwood City Limits and Tonquin Employment Area, 2018

Plan Designation	Tax Lots	Total Acres	Acres with No		Total
			Development Capacity	Constrained Acres	Unconstrained Buildable Acres
Commercial	134	171	134	10	27
General Commercial	31	62	42	5	15
Neighborhood Commercial	2	1	1	0	0
Office Commercial	11	16	6	5	5
Retail Commercial	90	92	85	0	7
Industrial	115	478	257	128	94
General Industrial	66	238	153	29	56
Light Industrial	49	240	104	99	38
Tonquin	24	282	16	144	122
Future Development	24	282	16	144	122
Total	273	931	407	282	242
Percent of Total		100%	44%	30%	26%

Source: Appendix A, Table 20.

Vacant Buildable Land

Table 2 shows unconstrained buildable acres for vacant and potentially redevelopable land by plan designation. The results show that Sherwood has about 242 net buildable acres in commercial and industrial plan designations. Of this, 11% (27 acres) is in the commercial designations, 39% (94 acres) is in industrial designations, and 50% (122 acres) is designated as future development in the Tonquin Employment Area.

Table 2. Employment land with unconstrained development capacity (Vacant, Potentially Redevelopable) by plan designation, Sherwood City Limits and Tonquin Employment Area, 2018

Plan Designation	Unconstrained	Unconstrained	Total
	Vacant Acres	Potentially Redevelopable Acres	
			Unconstrained Buildable Acres
Commercial	14	13	27
General Commercial	8	7	15
Office Commercial	4	1	5
Retail Commercial	2	5	7
Industrial	45	49	94
General Industrial	27	29	56
Light Industrial	17	20	38
Tonquin	82	39	122
Future Development	82	39	122
Total	141	101	242
Percent of Total	58%	42%	100%

Source: Appendix A: Table 22.

Map 1 shows Sherwood's employment land by classification with development constraints.

Table 3 shows the size of lots by plan designations for buildable employment land. Sherwood has 49 lots that are smaller than 2 acres (with 35 acres of land). Sherwood has 29 lots between 2 and 10 acres (126 acres of land) and 3 lots between 10 and 60 acres in size (81 acres of land).

Table 3. Lot size by plan designation, buildable acres, Sherwood City Limits and Tonquin Employment Area, 2018

Plan Designation	Buildable Acres in Tax Lot (vacant, potentially redevelopable)				
		1 -	2 -	5 -	10 -
	<1	1.99	4.99	9.99	59.99
Acres					
Commercial	6	6	10	5	0
General Commercial	4	2	4	5	0
Neighborhood Commercial	0	0	0	0	0
Office Commercial	2	1	3	0	0
Retail Commercial	1	3	3	0	0
Industrial	7	7	35	19	25
General Industrial	1	3	21	19	12
Light Industrial	6	4	14	0	13
Tonquin	2	6	24	34	56
Future Development	2	6	24	34	56
Subtotal	16	19	68	58	81
Taxlots					
Commercial	12	4	3	1	0
General Commercial	8	1	1	1	0
Neighborhood Commercial	0	0	0	0	0
Office Commercial	2	1	1	0	0
Retail Commercial	2	2	1	0	0
Industrial	18	5	11	3	2
General Industrial	4	2	6	3	1
Light Industrial	14	3	5	0	1
Tonquin	6	4	6	5	1
Future Development	6	4	6	5	1
Subtotal	36	13	20	9	3

Source: Appendix A: Table 23.

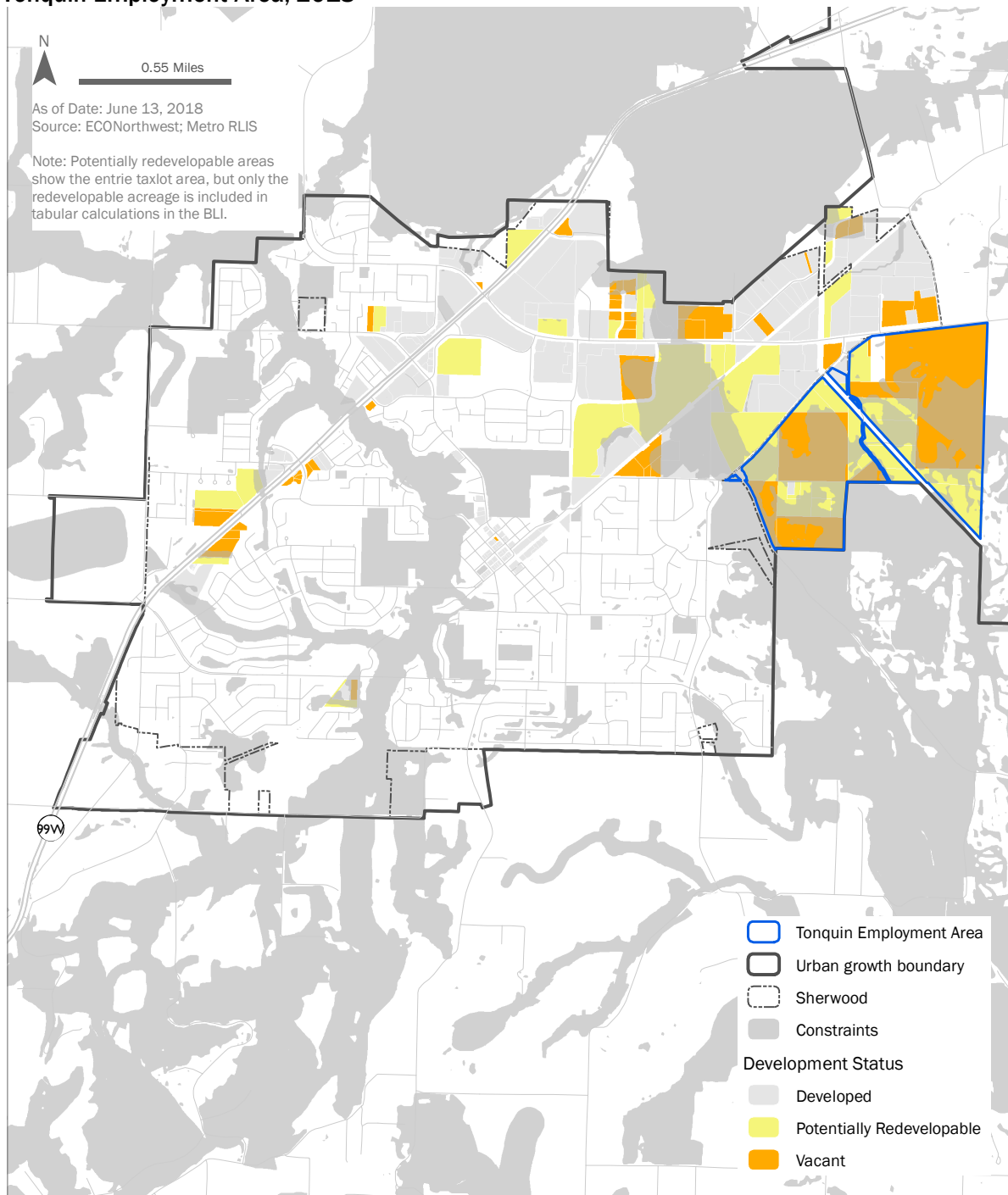
The data in Table 3 shows that Sherwood has no commercial sites larger than 10 acres within the city limits. Sherwood does, however, have industrial sites larger than 10 acres (a total of 25 acres). In addition, the Tonquin Employment Area has 5 sites between 5 and 10 acres and 1 site larger than 10 acres.

The Tonquin Employment Area Concept Plan assumes that employment growth in the Tonquin Area will be predominantly industrial employment, with a total of 10 acres of land for retail and commercial uses to provide services to businesses and workers in the Tonquin Area.⁵

⁵ Tonquin Employment Area Concept Plan: Preferred Concept Plan Report, Final Report October 2010, Table IV-1.

Note to reviewers: This version of the BLI does not include vacant Office Commercial and Light Industrial land in the Brookman Area. This land is not yet annexed into the City and is likely only a few acres. This oversight will be addressed with a revision to the BLI.

Map 1. Employment land by classification with development constraints, Sherwood City Limits and Tonquin Employment Area, 2018



3. Factors Affecting Future Economic Growth

Sherwood exists as part of the larger economy of the Portland region⁶ and is strongly influenced by regional economic conditions. For many factors, such as access to labor, Sherwood does not differ significantly from the broader region. For other factors, such as income, it does. Thus, Sherwood benefits from being a part of the larger regional economy and plays a specific role in it.

This chapter describes the factors affecting economic growth in Sherwood, including national and regional economic trends. The analysis presents Sherwood's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in Sherwood.

Factors that Affect Economic Development⁷

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

“Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy.”⁸

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.

⁶ In this analysis, the Portland region is defined as the three-county area including, Clackamas, Multnomah, and Washington Counties.

⁷ The information in this section is based on previous Goal 9 studies conducted by ECONorthwest and the following publication: *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

⁸ *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and state. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development that focuses on economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Thus, a key question for economic development policy is, *What are the factors that influence business and job growth, and what is the relative importance of each?* This document addresses that question in depth.

What Factors Matter?

Why do firms locate where they do? There is no single answer—different firms choose their locations for different reasons. Key determinants of a location decision are a firm's *factors of production*. For example, a firm that spends a large portion of total costs on unskilled labor will be drawn to locations where labor is relatively inexpensive. A firm with large energy demands will give more weight to locations where energy is relatively inexpensive. In general, firms choose locations they believe will allow them to maximize net revenues: if demand for goods and services are held roughly constant, then revenue maximization is approximated by cost minimization.

The typical categories that economists use to describe a firm's production function are:

- **Labor.** Labor is often the most important factor of production. Other things equal, firms look at productivity—labor output per dollar. Productivity can decrease if certain types of labor are in short supply, which increases the costs by requiring either more pay to acquire the labor that is available, the recruiting of labor from other areas, or the use of the less productive labor that is available locally.
- **Land.** Demand for land depends on the type of firm. Manufacturing firms need more space and tend to prefer suburban locations where land is relatively less expensive and less difficult to develop. Warehousing and distribution firms need to locate close to interstate highways.
- **Local infrastructure.** An important role of government is to increase economic capacity by improving quality and efficiency of infrastructure and facilities, such as roads, bridges, water and sewer systems, airport and cargo facilities, energy systems, and telecommunications.

- **Access to markets.** Though part of infrastructure, transportation merits special attention. Firms need to move their product, either goods or services, to the market, and they rely on access to different modes of transportation to do this.
- **Materials.** Firms producing goods, and even firms producing services, need various materials to develop products that they can sell. Some firms need natural resources (i.e., raw lumber) and others may need intermediate materials (i.e., dimensioned lumber).
- **Entrepreneurship.** This input to production may be thought of as good management, or even more broadly as a spirit of innovation, optimism, and ambition that distinguishes one firm from another even though most of their other factor inputs may be quite similar.

The supply, cost, and quality of any of these factors obviously depend on market factors: on conditions of supply and demand locally, nationally, and even globally. But they also depend on public policy. In general, public policy can affect these factors of production through:

- **Regulation.** Regulations protect the health and safety of a community and help maintain the quality of life. Overly burdensome regulations, however, can be disincentives for businesses to locate in a community. Simplified bureaucracies and straightforward regulations can reduce the burden on businesses and help them react quickly in a competitive marketplace.
- **Taxes.** Firms tend to seek locations where they can optimize their after-tax profits. Tax rates are not a primary location factor—they matter only after businesses have made decisions based on labor, transportation, raw materials, and capital costs. The costs of these production factors are usually similar within a region. Therefore, differences in tax levels across communities within a region are more important in the location decision than are differences in tax levels between regions.
- **Financial incentives.** Governments can offer firms incentives to encourage growth. Most types of financial incentives have had little significant effect on firm location between regions. For manufacturing industries with significant equipment costs, however, property or investment tax credit or abatement incentives can play a significant role in location decisions. Incentives are more effective at redirecting growth within a region than they are at providing a competitive advantage between regions.

This discussion may make it appear that a location decision is based entirely on a straightforward accounting of costs, with the best location being the one with the lowest level of overall costs. Studies of economic development, however, have shown that location decisions depend on a variety of other factors that indirectly affect costs of production. These indirect factors include agglomerative economies (also known as industry clusters), quality of life, and innovative capacity.

- **Industry clusters.** Firms with similar business activities can realize operational savings when they congregate in a single location or region. Clustering can reduce costs by creating economies of scale for suppliers. For this reason, firms tend to locate in areas where there is already a presence of other firms engaged in similar or related activities.

- **Quality of life.** A community that features many quality amenities, such as access to recreational opportunities, culture, low crime, good schools, affordable housing, and a clean environment can attract people simply because it is a nice place to be. A region's quality of life can attract skilled workers, and if the amenities lure enough potential workers to the region, the excess labor supply pushes their wages down so that firms in the region can find skilled labor for a relatively low cost. The characteristics of local communities can affect the distribution of economic development within a region, with different communities appealing to different types of workers and business owners. Sometimes location decisions by business owners are based on an emotional or historical attachment to a place or set of amenities, without much regard for the cost of other factors of production.
- **Innovative capacity.** Increasing evidence suggests that a culture promoting innovation, creativity, flexibility, and adaptability is essential to keeping U.S. cities economically vital and internationally competitive. Innovation is particularly important in industries that require an educated workforce. High-tech companies need to have access to new ideas typically associated with a university or research institute. Innovation affects both the overall level and type of economic development in a region. Government can be a key part of a community's innovative culture, through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

How Important Are These Factors?

To understand how changes in public policies affect local job growth, economists have attempted to identify the importance for firms of different locational factors. They have used statistical models, surveys, and case studies to examine detailed data on the key factors that enter the business location decision.

Economic theory says that firms locate where they can reduce the costs of their factors of production (assuming demand for products and any other factors are held constant). Firms locate in regions where they have access to inputs that meet their quality standards, at a relatively low cost. Because firms are different, the relative importance of different factors of production varies both across industries and, even more importantly, across firms.

No empirical analysis can completely quantify firm location factors because numerous methodological problems make any analysis difficult. For example, some would argue simplistically that firms would prefer locating in a region with a low tax rate to reduce tax expenses. However, the real issue is the value provided by the community for the taxes collected. Because taxes fund public infrastructure that firms need, such as roads, water, and sewer systems, regions with low tax rates may end up with poor infrastructure, making it less attractive to firms. When competing jurisdictions have roughly comparable public services (type, cost, and quality) and quality of life, then tax rates (and tax breaks) can make a difference.

Further complicating any analysis is the fact that many researchers have used public expenditures as a proxy for infrastructure quality. But large expenditures on roads do not

necessarily equal a quality road system. It is possible that the money has been spent ineffectively and the road system is in poor condition.

An important aspect of this discussion is that the business function at a location matters more than a firm's industry. A single company may have offices spread across cities, with headquarters located in a cosmopolitan metropolitan area, the research and development divisions located near a concentration of universities, the back office in a suburban location, and manufacturing and distribution located in areas with cheap land and good interstate access.

The location decisions of businesses are primarily based on the availability and cost of labor, transportation, raw materials, and capital. The availability and cost of these production factors are usually similar within a region. Most economic development strategies available to local governments, however, only indirectly affect the cost of these primary location factors. Local governments can most easily affect tax rates, public services, and regulatory policies. Economists generally agree that these factors do affect economic development, but the effects on economic development are modest. Thus, most of the strategies available to local governments have only a modest effect on the level and type of economic development in the community.

Local governments in Oregon also play a central role in the provision of buildable land through inclusion of lands in the Urban Growth Boundary, as well as through determination of plan designations and zoning, and through provision of public services. Obviously, businesses need buildable land to locate or expand in a community. Providing buildable land alone is not sufficient to guarantee economic development in a community—market conditions must create demand for this land, and local factors of production must be favorable for business activity. In the context of expected economic growth and the perception of a constrained land supply in Washington County, the provision of buildable land has the potential to strongly influence the level and type of economic development in Sherwood. The provision of buildable land is one of the most direct ways that the City of Sherwood can affect the level and type of economic development in the community.

Summary of the Effect of National, State and Regional Trends on Economic Development in Sherwood

This section presents a summary and the implications of national, state, and regional economic trends on economic growth in Sherwood, which are presented in Section 3.3.

National, State, and Regional Economic Trends	Implications for Economic Growth in Sherwood
<p>Moderate growth rates and recovery from the national recession</p> <p>After the end of the recession in 2009, economic growth returned to the U.S. economy, with persistent increases in real GDP (a 2.3 percentage point growth in 2017 relative to 2016)⁹, a steady job growth (about 2.1 million jobs were added during 2017)¹⁰, and a decline in the unemployment rate (about 4.1% in 2017 compared to the recessionary peak of 9.9%).¹¹</p> <p>Unemployment at the national level has gradually declined since the height of the recession. Unemployment rates in Oregon are typically higher than those of the nation as a whole.</p> <p>The federal government's economic forecast predicts a moderate pace of economic growth, with gradual increases in employment and real GDP (roughly 3% through the end of 2016).</p> <p>IHS Economic projects that Oregon's economy will be the fifth fastest-growing among all states in the U.S., averaging annual growth of about 2.7% through 2023.¹²</p>	<p>The rate of employment growth in Sherwood will depend, in part, on the rate of employment growth in Oregon and the nation. Sherwood's employment growth is most closely tied to growth in Washington County, which has higher wages than the state average. The types of employment identified as having growth potential and higher than average wages in the Portland Region and in Washington County are: Computer and Electronics, Software and Media, Clean Tech, Athletic and Outdoors, Metals and Machinery, and Health Science and Tech.</p> <p>The Oregon Employment Department forecasts that employment in Portland (which includes Clackamas, Multnomah, and Washington counties) will grow by about 13% from 2017 levels. Private Educational and Health Services, Trade, Transportation, and Utilities, Leisure and Hospitality, Construction, and Manufacturing will make up the majority of the region's growth.</p>
<p>Growth of service-oriented sectors</p>	<p>The changes in employment in Washington County have followed similar trends as the changes in national and state employment. The service sector showed the greatest change in share of employment since 1980.</p>

⁹ Federal Reserve Bank of St. Louis, FRED Economic Data, Real Gross Domestic Product (GDPC1), Billions of Chained 2009 Dollars, Seasonally Adjust Annual Rate. Retrieved from: <https://fred.stlouisfed.org/series/GDPC1#0>, on June 25, 2018.

¹⁰ Bureau of Labor Statistics. Economic News Release, Employment Situation News Release, December 2017. Published on January 5, 2018. Retrieved from: https://www.bls.gov/news.release/archives/empst_01052018.htm, on June 25, 2018.

¹¹ Bureau of Labor Statistics. Current Population Survey, Unemployment Rate, Seasonally Adjusted, 16 years and over. Retrieved from <https://www.bls.gov/data/>, on June 25, 2018.

¹² Office of Economic Analysis. Oregon Economic and Revenue Forecast, March 2018. Vol. XXXVIII, No. 1, page 16. <https://www.oregon.gov/das/OEA/Documents/forecast0318.pdf>.

National, State, and Regional Economic Trends	Implications for Economic Growth in Sherwood
<p>Increased worker productivity and the international outsourcing of routine tasks led to declines in employment in the major goods-producing industries. Projections from the Bureau of Labor Statistics indicate that U.S. employment growth will continue to be strongest in healthcare and social assistance, professional and business services, and other service industries. Construction employment will grow with the economy, but manufacturing employment will decline. These trends are also expected to affect the composition of Oregon's economy, although manufacturing in Oregon will grow.</p>	<p>The Oregon Employment Department forecasts that the service sectors likely to have the most employment growth in Portland—the region that includes Washington County—over the 2017 to 2027 period are: Professional and Business Services, Private Education and Health Services, and, Leisure and Hospitality. These sectors represent employment opportunities for Sherwood.</p>
<p>Importance of small businesses in Oregon's economy</p> <p>Small business, with 100 or fewer employees, account for 66% of private-sector employment in Oregon. Workers of small businesses typically have had lower wages than the state average.</p>	<p>The average size for a private business in Sherwood is 9 employees per business, compared to the State average of 11 employees per private business.</p> <p>Businesses with 50 or fewer employees account for roughly 57% of private employment in Sherwood. Businesses with 9 or fewer employees account for 20% of private employment and 4 or fewer account for 10% of private employment</p> <p>Growth of small businesses presents key opportunities for economic growth in Sherwood.</p>
<p>Availability of trained and skilled labor</p> <p>Businesses in Oregon are generally able to fill jobs, either from available workers living within the State, or by attracting skilled workers from outside of the State.</p> <p>Availability of labor depends, in part, on population growth and in-migration. Oregon added more than 1,299,000 new residents and about 605,000 new jobs between 1990 and 2016. The population-employment ratio for the State was about 2.3 residents per job over the 24-year period.</p> <p>Availability of labor also depends on workers' willingness to commute. Workers in Oregon typically have a commute that is 30 minutes or shorter.</p> <p>Availability of skilled workers depends, in part, on educational attainment. About 31% of Oregon's workers have a Bachelor's degree or higher.</p>	<p>Employment in Washington County grew at about 1.4% annually over the 2000 to 2016 period, while population grew at about 2.4% over the same period.</p> <p>About 48% of workers at businesses located in Sherwood lived in Washington County, and 8% lived within Sherwood city limits. Firms in Sherwood attracted workers from the Portland Region. Over 90% of workers in Sherwood commuted into the city from elsewhere, many from Portland (22% of Sherwood workers), Beaverton (8%), and Tigard (8%). These commuting patterns are similar to commuting in other cities in the Portland area. Businesses in Sherwood are able to pull data from across the Westside of the Portland Region and from across the rest of the Portland Region.</p> <p>Sherwood's residents were more likely to have earned a Bachelor's degree or higher (46%) than the State average (31%).</p> <p>With historically low unemployment rates, businesses in Sherwood may have difficulties attracting employees, consistent with the experience of other cities in the Region. However, the lower wages at businesses and Sherwood may make attracting employees more difficult</p>

National, State, and Regional Economic Trends	Implications for Economic Growth in Sherwood
<p>Aging of the population</p> <p>The number of Oregonians aged 65 and older will nearly double between 2015 and 2050, while the number of people under age 65 will grow by only about 29%. The economic effects of this demographic change include a slowing of the growth of the labor force, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.</p> <p>Furthermore, people are retiring later than previous generations and continuing to work past 65 years old. This trend is seen both at the national and State levels. Even given this trend, the need for workers to replace retiring Baby Boomers will outpace job growth. Management occupations and teachers will have the greatest need for replacement workers because these occupations have older-than-average workforces.</p>	<p>The changes in the Washington County's age structure are similar to that of the State, with the most growth observed in people 60 years and older.</p> <p>The State projects that the share of the population over the age of 60 in the Washington County will increase from 18% to 27% from 2015 to 2035.</p> <p>Firms in Sherwood will need to replace workers as they retire. Demand for replacement workers may outpace job growth in Sherwood, consistent with State trends. Given the CBO's forecast of relatively low unemployment rates (about 4.9% through 2027), businesses in Sherwood (and throughout the State) may have difficulties finding replacement workers.</p>
<p>Increases in energy prices</p> <p>Although energy prices are relatively low by historical standards, over the long-term, energy prices are forecast to grow as the economy and the population grows.</p> <p>As energy prices increase over the planning period of 2017 to 2050, energy consumption for transportation may decrease. Though with expected increases in fuel economy, people will be able to travel longer distances while consuming less energy. The U.S. Energy Information Administration estimates that transportation energy consumption declines as a result of increasing fuel economy more than offsets the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.</p>	<p>In 2017, lower energy prices have decreased the costs of commuting. Over the long-term, if energy prices increase, these higher prices will likely affect the mode of commuting before affecting workers' willingness to commute. For example, commuters may choose to purchase a more energy-efficient car, use the bus, or carpool.</p> <p>Very large increases in energy prices may affect workers' willingness to commute, especially workers living the furthest from Sherwood or workers with lower paying jobs. In addition, very large increases in energy prices may make shipping freight long distances less economically feasible, resulting in a slow-down or reversal of off-shore manufacturing, especially of large, bulky goods.</p>
<p>Comparatively low wages</p> <p>The income of a region affects the workforce and the types of businesses attracted to the region. Average income affects workers and businesses in different ways. Workers may be attracted to a region with higher average wage or high wage jobs. Businesses, however, may prefer to locate in regions with lower wages, where the cost of doing business may be lower.</p> <p>Since the early 1980's, Oregon's per capita personal income has been consistently lower than the U.S. average. In 2016, Oregon's per capita wage was 92% of the national average. From 2000 to 2016 nominal wages in the nation grew by 52% from \$35,300 to \$53,600, while wages in Oregon increased by 51% from \$32,800 to \$49,500.</p>	<p>Income in Oregon has historically been below national averages, and Washington County's per capita personal income has remained above that of the State and the nation. While the county's average wages followed a similar trend as personal income, they remained well above the State in both 2000 and 2016. In 2016, Washington County's average wage was about \$65,908 compared to the State (\$49,467).</p> <p>There are two basic reasons that wages are higher in Washington County than in the U.S.: (1) wages for similar jobs tend to be higher; (2) the occupational mix of employment is weighted towards higher paying occupations such as manufacturing.</p>

National, State, and Regional Economic Trends	Implications for Economic Growth in Sherwood
	<p>In addition, wages in Washington County and Oregon tend to be more volatile than the national average. The major reason for this volatility is that the relative lack of diversity in the State and County economy.</p> <p>Average wages in Sherwood are lower than Washington County and Oregon. For example, the average wage in Sherwood in 2016 was \$38,696, compared to \$65,908 in Washington County and \$49,467 in Oregon.</p> <p>This difference is due to the larger share of lower-paying service sector jobs in Sherwood, compared to the Portland region.</p> <p>The median income in Sherwood (\$86,111), however, is higher than Washington County (\$69,743). This disparity in wages and income reflect that Sherwood residents are employed in other cities in the Portland region, but not in Sherwood.</p>
<p>Education as a determinant of wages</p> <p>The majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree.</p> <p>The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.</p> <p>The national median income for people over the age of 25 in 2017 was about \$47,164. Workers without a high school diploma earned \$20,124 less than the median income, and workers with a high school diploma earned \$10,140 less than the median income. Workers with some college earned \$6,916 less than median income, and workers with a bachelor’s degree earned \$13,832 more than the median. Workers in Oregon experience the same patterns as the nation, but pay is generally lower in Oregon than the national average.</p>	<p>Sherwood’s residents were more likely to have obtained a Bachelor’s degree or higher compared to Oregon residents as a whole (46% versus 31%).</p> <p>Businesses that want to locate in Sherwood can draw from the labor pool of the Portland region, especially the higher-educated population of workers living in Washington County.</p>

National, State, and Regional Economic Trends	Implications for Economic Growth in Sherwood
<p>Importance of high quality natural resources</p> <p>The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. Increases in the population and in households' incomes, plus changes in tastes and preferences, have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.</p>	<p>The region's high quality natural resources present economic growth opportunities for Sherwood, ranging from agriculture and wineries to amenities that attract visitors and contribute to the region's high quality of life.</p>

National Trends

Economic development in Sherwood over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace.** Analysis from the Congressional Budget Office (CBO) predicts moderate growth of just above 2.0% GDP throughout 2018 and over the next decade, assuming current laws remain intact, and a growth of around 1.9% per year until 2027.

The unemployment rate is expected to decrease to 4.3% by the end of 2017 and fall to 4.2% early 2018. Growth in hourly compensation may increase labor force participation, slowing its longer-term decline.

Unemployment is expected to be 4.9% from 2021-2027, which is slightly above the estimated natural rate of unemployment but considerably lower than unemployment rates for 2010 to 2015 (during the recovery from the 2007-2009 recession).¹³

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 59 million in 2014 to over 90 million in 2035, a 53% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 14.7% over the same time period, from 165 million to almost 190 million in 2035. Currently, there are 36 Social Security beneficiaries per 100 covered workers in 2014 but by 2035 there will be 58 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.¹⁴

Baby boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with about 30% in 1992.¹⁵ This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010, an increase of 41%. Over the same ten-year period, workers 45 to 64 years increased by 15%.¹⁶

¹³ Congressional Budget Office. An Update to the Budget and Economic Outlook: 2017-2027. June 2017. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/52801-june2017outlook.pdf>.

¹⁴ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2015, *The 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, May 13, 2015.

¹⁵ "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

¹⁶ Analysis of 2000 Decennial Census data and 2010 U.S. Census American Community Survey, 1-Year Estimates for the table Sex by Age by Employment Status for the Population 16 Years and Over

- **Need for replacement workers.** The need for workers to replace retiring baby boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.¹⁷
- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.¹⁸

The national median income for people over the age of 25 in 2017 was about \$47,164. Workers without a high school diploma earned \$20,124 less than the median income, and workers with a high school diploma earned \$10,140 less than the median income. Workers with some college earned \$6,916 less than median income, and workers with a bachelor's degree earned \$13,832 more than median. Workers in Oregon experience the same patterns as the nation, but pay is generally lower in Oregon than the national average.¹⁹

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010. Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.²⁰

Since the end of the recession (or 2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail

¹⁷ “Occupational Employment Projections to 2016-2026,” Bureau of Labor Statistics, 2018.

¹⁸ “Occupational Employment Projections to 2016-2026,” Bureau of Labor Statistics, 2018.

¹⁹ Bureau of Labor Statistics, Employment Projections, March 2018. http://www.bls.gov/emp/ep_chart_001.htm

²⁰ Brill, Michael R. and Samuel T. Rowe, “Industry Labor Productivity Trends from 2000 to 2010.” Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.²¹

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening. Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than \$20 per hour over the next 20 years. About 30% of jobs paying \$20 to \$40 per hour and 4% of jobs paying \$40 or more are at risk of being automated over the next 20 years.²²

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).²³ This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.^{24,25,26} This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and

²¹ Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: <https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm>.

²² Executive Office of the President. (2016). *Artificial Intelligence, Automation, and the Economy*.

²³ Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. *Journal of Economic Perspectives*, Volume 29, Number 3, Summer 2015, Pages 3–30.

²⁴ Frey, Carl Benedikt and Osborne, Michael A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

²⁵ Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. *International Journal of Entrepreneurial Knowledge*. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

²⁶ PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.²⁷

- **Consolidation of Retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, ‘mom and pop shops’ toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.²⁸ The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.²⁹ Since 2000, e-commerce sales grew from 0.9% to 6.4% (2014) and are forecasted to reach 12% by 2020. It is reasonable to expect this trend to continue. With it has come closures of retail stores. By 2027 for example, an estimated 15% of about 1,050 U.S. malls in smaller markets will close, impacting local employment levels, local government revenue streams (tax dollars), and neighborhood character.

The draft 2018 Metro Urban Growth Report³⁰ describes the uneven impact on retail from e-commerce. Overall, e-commerce accounts for 9% of national retail sales, with online sales growing at a faster rate than retail sales growth overall. Nationally, non-store retailers are negatively affecting furniture stores, electronics, clothing, and recreational goods (e.g., sporting goods, hobby supplies, and books and music). The retail types that grew strongly in the Portland Region between 2007 and 2017 were grocery stores, general merchandise stores, and miscellaneous specialty retailers.

While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences).

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from

²⁷ Frey, Carl Benedikt and Osborne, Michael A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

²⁸ Hortaçsu, Ali and Syverson, Chad. (2015). *The Ongoing Evolution of US Retail: A Format Tug-of-War.* *Journal of Economic Perspectives*, Volume 29, Number 4, Fall 2015, Pages 89-112.

²⁹ Pew Research Center (2010b). *Generations 2010.* Retrieved Online at: <http://www.pewinternet.org/Reports/2010/Generations-2010.aspx>

³⁰ *Urban Growth Report*, Discussion Draft, Metro, July 3, 2018, Appendix 4.

resource extraction. High-quality natural resources continue to be important in some states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.³¹

- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.9%) and, to a lesser extent, commercial users (0.4%). Residential consumption is forecasted to stagnate (0.0%), and transportation will slightly decrease (-0.1%). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2017 to 2050, the Energy Information Administration projects that U.S. overall energy consumption will average a 0.4% annual growth rate, while consumption of renewable sources grows at 1.4% per year. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2017 to 2050 period. Demand for electricity is expected to increase, albeit slowly, over 2017 to 2050 as population grows and economic activity increases.³²

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.³³ Over 2019 to 2035, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption a result of

³¹ For a more thorough discussion of relevant research, see, for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

³² Energy Information Administration, 2018, *Annual Energy Outlook 2018 with Projections to 2050*, U.S. Department of Energy, February 2018. <https://www.eia.gov/outlooks/aeo/pdf/AEO2018.pdf>. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: <https://www.eia.gov/outlooks/aeo/data/browser/#/?id=2-AEO2018&cases=ref2018&sourcekey=0>.

³³ Energy Information Administration, 2018, *Annual Energy Outlook 2018 with Projections to 2050*, U.S. Department of Energy, February 2018.

increasing fuel economy more than offsets the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.³⁴ Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.³⁵

In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, and (5) increase sea level. These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.³⁶

These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:³⁷

³⁴ Karl, T.R., J.M. Melillo, and T.C. Peterson, eds. 2009. *Global Climate Change Impacts in the United States*. U.S. Global Change Research Program. June. Retrieved June 16, 2009, from www.globalchange.gov/usimpacts; and Pachauri, R.K. and A. Reisinger, eds. 2007. *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II, and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*.

³⁵ Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Upper Willamette River Basin of Western Oregon*. Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009, from http://climlead.uoregon.edu/pdfs/willamette_report3.11FINAL.pdf and Doppelt, B., R. Hamilton, C. Deacon Williams, et al. 2009. *Preparing for Climate Change in the Rogue River Basin of Southwest Oregon*. Climate Leadership Initiative, Institute for a Sustainable Environment, University of Oregon. March. Retrieved June 16, 2009 from http://climlead.uoregon.edu/pdfs/ROGUE%20WS_FINAL.pdf

³⁶ Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest*. Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from <http://cse.washington.edu/db/pdf/moteetal2008scenarios628.pdf>; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cse.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States*. Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209-6220.

³⁷ The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.³⁸ Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.³⁹
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,⁴⁰ (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

Oregon is on its way to recovery from the recent recession. According to the Oregon Office of Economic Analysis (OEA), the Oregon economy "continues to hit the sweet spot." Wages remain below the national average, but they are at its highest point relative to the early 1980s. Over the past year, Oregon added over 39,000 jobs, a 2.1% growth rate. The leisure and hospitality, construction, professional and business services, and health services, and industries have accounted for over half of total growth in the State. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration

³⁸ "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

³⁹ "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

⁴⁰ "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

flows. Though Oregon's labor market is tight, it continues to gain more workers, signaled by an improving market participation rate relative to its low recessionary levels.⁴¹

The housing market continues to recover as Oregon's economy improves. Oregon is seeing an increase in household formation rates, which is good for the housing market. Though younger Oregonians are tending to live at home with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. The latter half of 2017 was the largest level of home construction since early 2007 levels. Through 2020, the OEA forecasts moderate to strong housing growth. Beyond this time frame, it forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.⁴²

The Oregon Index of Leading Indicators (OILI) has grown quite rapidly since January 2017. The leading indicators showing improvement are: volume of air freight, help wanted advertisements, increase in housing permits, industrial productions, initial claims for unemployment, the manufacturing purchasing managers index (PMI), new incorporations of companies, the appreciating Oregon Dollar Index, semiconductor billings, and withholdings out of wages and salaries. The one slowing indicator is consumer sentiment.⁴³

Oregon's economic health is dependent on the export market. The value of Oregon exports in 2017 was \$21.9 billion. The countries that Oregon exports the most to are China (18% of total Oregon exports), Canada (11%), Malaysia (11%), South Korea (9%), Japan (8%), and Vietnam (7%).⁴⁴ With straining trade relations overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.⁴⁵ An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy. Furthermore, with the United States' withdrawal from the Trans-Pacific Partnership in January 2017, it is unclear how much Pacific Northwest trade will be impacted in the years to come.

Long-term Trends

State, regional, and local trends will also affect economic development in Sherwood over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states,

⁴¹ Office of Economic Analysis. Oregon Economic and Revenue Forecast, March 2018. Vol. XXXVIII, No. 1, page 4 <http://www.oregon.gov/das/OEA/Documents/forecast0318.pdf>

⁴² Office of Economic Analysis. Oregon Economic and Revenue Forecast, March 2018. Vol. XXXVIII, No. 1, page 12.

⁴³ Office of Economic Analysis. Oregon Economic and Revenue Forecast, March 2018 Vol. XXXVIII, No. 1, page 9.

⁴⁴ United States Census. State Exports from Oregon, 2014-2017. <https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

⁴⁵ Office of Economic Analysis. Oregon Economic and Revenue Forecast, March 2018 Vol. XXXVIII, No. 1, page 13.

especially California and Washington. From 1990 to 2017, Oregon's population increased by about 1.3 million, 66% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was just over 33,200. During the early- to mid-1990's, Oregon's net migration was highest, reaching over 60,000 in 1991, with another smaller peak of almost 42,100 in 2006. In 2017, net migration reached just over 58,800 persons. Oregon has not seen negative net migration since a period of negative net migration in the early- to mid-1980's.⁴⁶

- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.87 million in 2017 to just below 1.98 million in 2021, an increase of 111,000 jobs. The industries with the largest growth will be Professional and Business Services, Health Services, and Manufacturing, accounting for 58% of the forecasted growth.⁴⁷
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled \$19.4 billion in 2008, nearly doubling since 2000, and reached almost \$22 billion in 2017. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Malaysia, South Korea, and Japan as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.⁴⁸ Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.⁴⁹
- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.⁵⁰
- **Income.** Oregon's income and wages are below that of a typical state. However, mainly due to the wage growth over the last two to three years, Oregon wages are at their highest point relative to other states since the recession in the early 1980's. In 2017, the average annual wage in Oregon was \$51,117, and in 2016, the median household income

⁴⁶ Portland State University Population Research Center. 2013 Annual Population Report. April 2014.
<http://www.pdx.edu/prc/annual-oregon-population-report>

⁴⁷ Office of Economic Analysis. Oregon Economic and Revenue Forecast, March 2018. Vol. XXXVIII, No. 1, page 42
<http://www.oregon.gov/das/OEA/Documents/forecast0318.pdf>.

⁴⁸ United States Census. State Exports from Oregon, 2014-2017.
<https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

⁴⁹ Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2017 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

⁵⁰ Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 38% of employment in manufacturing in Oregon in 2017, with the most employment in Food Manufacturing (nearly 30,000) and Wood Product Manufacturing (nearly 23,000) (QCEW).

was \$57,532 (compared to national average wages of \$53,621 in 2017, and national household income of \$57,617 in 2016).⁵¹ Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 35%, from \$192.6 billion in 2017 to \$260.6 billion in 2023. Per capita income is expected to increase by 25% over the same time period, from \$46,400 in 2017 to \$58,100 in 2023 (in nominal dollars).⁵²

- **Small businesses continue to account for a large share of employment in Oregon.**

While small firms played a large part in Oregon’s expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

In 2017 small businesses (those with 100 or fewer employees) accounted for 95% of all businesses and 66% of all private-sector employment in Oregon. Said differently, most businesses in Oregon are small (in fact, 78% of all businesses have fewer than 10 employees), but the largest share of Oregon’s employers work for large businesses.

The average annualized payroll per employee for small businesses was \$37,149 in 2015, which is considerably less than that for large businesses (\$54,329) and the statewide average for all businesses (\$47,278).⁵³

Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.⁵⁴

- **The Portland Metro region is expected to continue to grow over the next 20 years.**

Metro forecasts growth of 524,000 new people between 2018 and 2038 and 209,000 more jobs over the same period. The sectors expected to have the most growth are Professional and Business Services, as well as Education and Health Services. Manufacturing employment is expected to decrease slightly over the 20-year period.⁵⁵

⁵¹ Average annual wages are for “Total, all industries,” which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2016. Retrieved from: <https://www.qualityinfo.org>; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2016; Total, U.S. Census American Community Survey 1-Year Estimates, 2016, Table B19013.

⁵² Office of Economic Analysis. Oregon Economic and Revenue Forecast, March 2018. Vol. XXXVIII, No. 1, page 44 <http://www.oregon.gov/das/OEA/Documents/forecast0318.pdf>.

⁵³ U.S Census Bureau, 2015 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States. <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>.

⁵⁴ Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: <https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf>.

⁵⁵ *Urban Growth Report*, Discussion Draft, Metro, July 3, 2018. The population and employment forecast are the “most likely growth” forecasts presented in the report.

Regional and Local Trends

Throughout this section and the report, Sherwood is compared to the State of Oregon, Washington County, and the Portland Region (which is Multnomah, Washington, and Clackamas Counties). These comparisons are to provide context for changes in Sherwood’s socioeconomic characteristics.

Availability of Labor

The availability of trained workers in Sherwood will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in Sherwood over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon’s population grew from 2.8 million people in 1990 to 4.1 million people in 2017, an increase of almost 1,300,000 people at an average annual rate of 1.40%. Oregon’s growth rate slowed to 1.1% annual growth between 2000 and 2017.

Sherwood’s population grew faster than that of the State or Portland Region since 1990. Sherwood’s population grew from about 3,000 residents in 1990 to more than 19,000 residents in 2017, an increase of more than 16,000 people or more than 500%.

Table 4. Population Growth, Sherwood, Portland Region, and Oregon, 1990 – 2017

Geography	1990	2000	2010	2017	Number	Percent	AAGR
Sherwood	3,093	11,791	18,194	19,350	16,257	526%	7.03%
Portland Region	1,174,291	1,444,219	1,641,036	1,811,860	637,569	54%	1.62%
Oregon	2,842,321	3,421,399	3,831,074	4,141,100	1,298,779	46%	1.40%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2017.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.⁵⁶

Figure 1 through Figure 4 show the following trends:

⁵⁶ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

- Sherwood’s population is getting older faster than those of Washington County, the Portland Region, or Oregon. This suggests that Sherwood is attracting more people in mid-life and more people over 65 years old.
- Sherwood has a smaller percentage of population between 40 and 59 years old and a smaller percentage of population older than 60 years, compared with Washington County, the Portland Region, or Oregon. This shows that Sherwood is attractive to people in their mid-life, which affects potential availability of mid-career workers.
- Washington County’s population is expected to continue to age, with people 60 years and older increasing from 18% of the population in 2017 to 24% of the population in 2035. This is consistent with Statewide trends. Sherwood may continue to attract mid-life and older workers over the planning period. While Sherwood’s share of retirees may increase over the next 20 years, availability of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in Sherwood.

Sherwood’s median age has increased by about six years since 2000.

This change suggests that Sherwood is attracting more workers in mid-life and more people over 65 years old.

Figure 1. Median Age, 2000 to 2012-2016

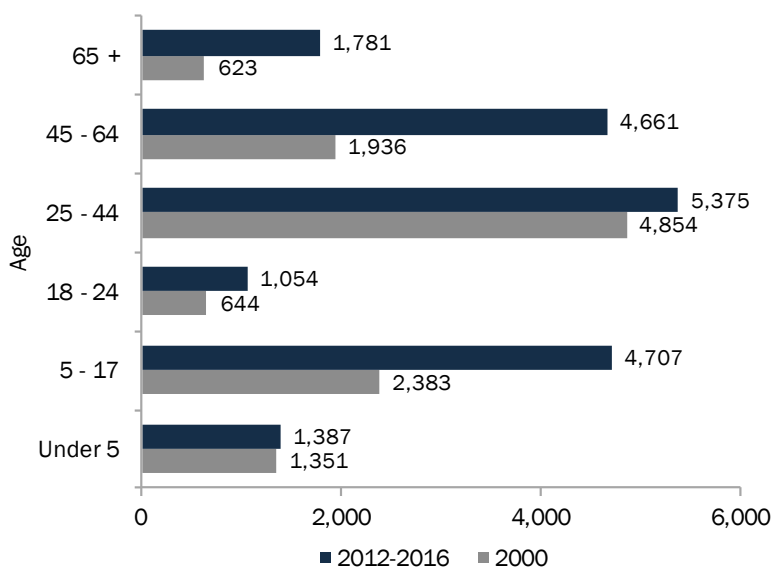
Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2012-2016 5-year estimate, Table B01002.

2000	31.4 Sherwood	33.0 Wash. County	34.9 Portland Region	36.3 Oregon
2012-16	37.0 Sherwood	36.2 Wash. County	34.9 Portland Region	39.1 Oregon

From 2000 to 2012-2016, Sherwood’s largest population increase was for the population aged 45 to 64 years old. This is larger than statewide trends.

Figure 2. Sherwood population change by age, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2012-2016 5-year estimate, Table B01001.

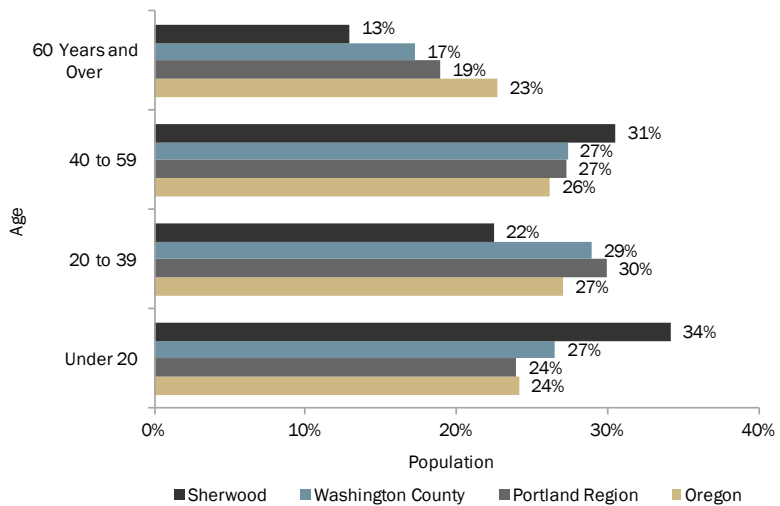


From 2012 to 2016, 53% of Sherwood's residents were between 20 and 59 years old.

Sherwood has a larger share of residents under the age of 20 than the Portland Region and the State. Sherwood has a comparatively small population of residents between the ages of 20 to 39 (22%).

Figure 3. Population distribution by age, Sherwood, Washington County, Portland Region, and Oregon, 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 5-year estimate, Table B01001.

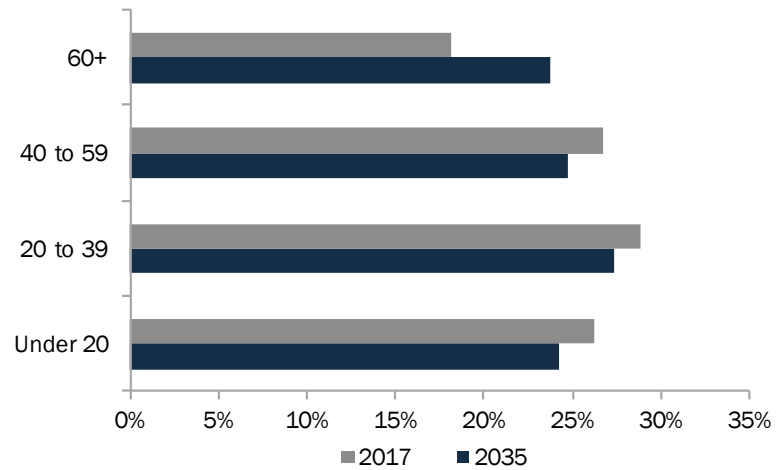


By 2035, Washington County will have a larger share of residents older than sixty than it does today.

The share of residents aged 60 years and older will account for 24% of Washington County's population, compared to 18% in 2017.

Figure 4. Population Growth by Age Group, Washington County, 2017 - 2035

Source: Oregon Population Forecast, 2017.



Income

Income and wages affect business decisions for locating in a city. Per capita income⁵⁷ grew most years during the 34-year period, with the exception of a decrease during the recession. Between 1980 and 2016, Oregon’s per capita personal income was consistently lower than the U.S. average. In 1980, Oregon’s per capita personal income equaled the national average. By 2016, Oregon’s per capita personal income reached 89% of the national average. Oregon’s relatively low wages make the state attractive to businesses seeking to locate in areas with lower-than-average wages.

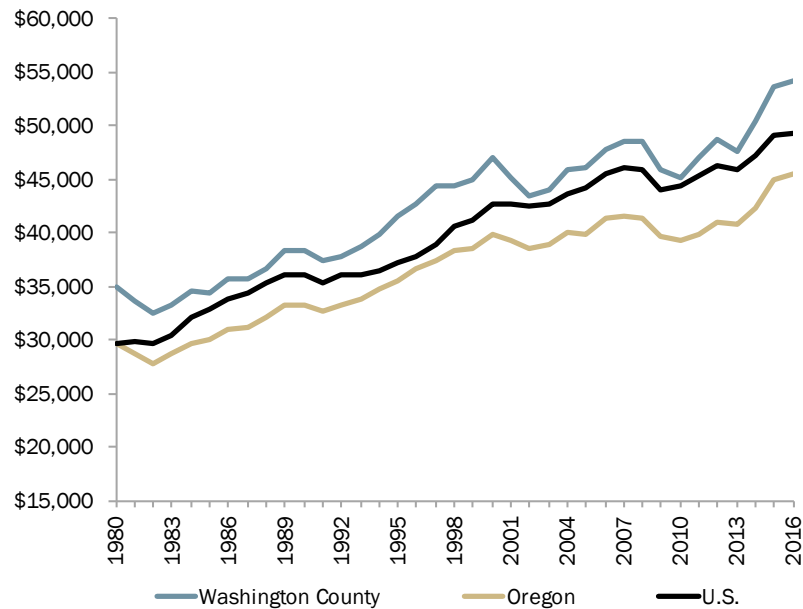
Washington County’s per capita income remained consistently above the State average and the U.S. average.

Per capita income (adjusted for inflation) in the nation, Oregon, and Washington County has grown since 1980.

Oregon’s per capita income grew 15% in the post-recession period between 2009 and 2016, larger than the nation’s 12% growth over the same period, but less than Washington County’s 18% over this time frame. Washington County’s per capita income was 117% of Oregon’s average in 2016.

Figure 5. Per Capita Personal Income, Washington County, Oregon, and U.S., 1980 to 2016, Inflation-adjusted 2016 Dollars

Source: Bureau of Economic Analysis, Per Capita Personal Income, Table CA-1.



⁵⁷ Personal income includes wages, dividends and interest from investments, rent from investments, pension plan payments and transfer payments (e.g., social security payments). Per capita personal income is the personal income of the area divided by the total number of people in the area.

Between 2000 and 2016, Washington County’s per capita personal income grew, and its average wages increased. Over the same period, average wages increased in Oregon and the U.S. The increase in average wages in Washington County has many causes, but one cause is the change in mix of jobs in Washington County since 2001. The sectors in Washington County with the largest number of employees is Manufacturing and Business Services, both of which have above-average wages (see Table 6).

Sherwood’s wages are below average for the Portland Region and for the nearby cities of Tigard and Tualatin. The primary reason for lower wages at jobs in Sherwood is the mix of jobs in Sherwood, with Retail and Accommodations and Food Services having the largest number of employees in Sherwood but wages below the city average (see Figure 20).

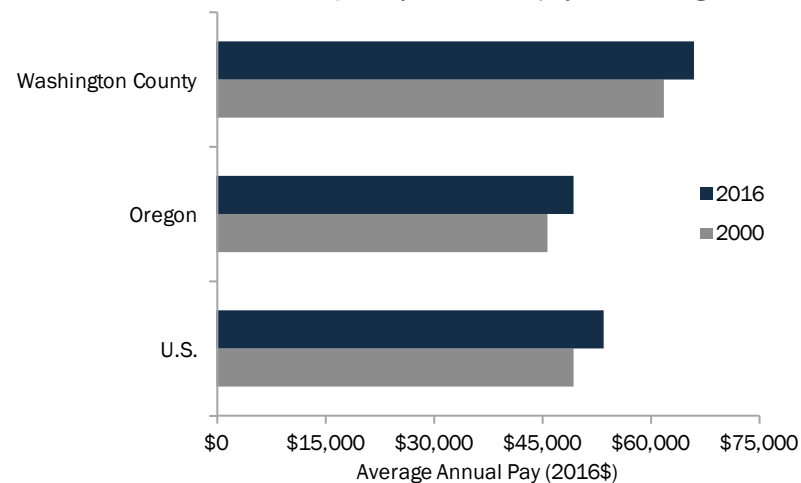
At the same time, median household income and median family income in Sherwood are considerably above those of Washington County. This suggests that many residents of Sherwood either work outside of Sherwood (where wages are higher) or have income from sources other than wages (such as investments). The commuting patterns in Sherwood show that only 8% of Sherwood’s working residents both live and work in Sherwood (see Figure 16).

From 2000 to 2016, average annual wages rose in Washington County, Oregon, and the nation.

In 2016, average annual wages were \$65,908 in Washington County, \$49,467 in Oregon, and \$53,621 across the nation.

Figure 6. Average Annual Wage, Covered Employment, Washington County, Oregon, and U.S., 2000 to 2016, Inflation-adjusted 2016 Dollars

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.



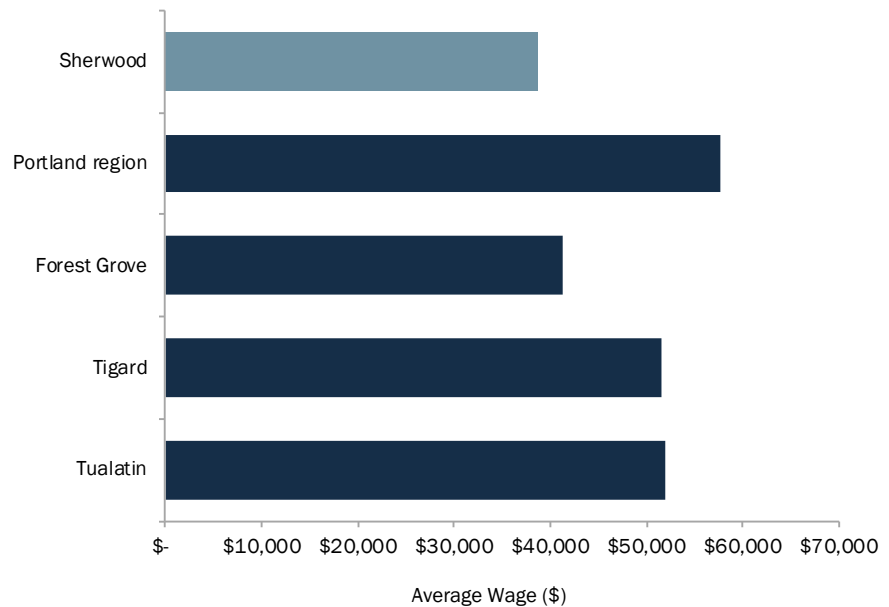
In 2016, average annual wages in Sherwood were lower than other cities in the Portland region.

In 2016, average annual wages were \$38,696 in Sherwood and \$57,616 in the Portland region. Average annual wages in cities such as Forest Grove, Tigard, and Tualatin were between Sherwood and the Portland region.

A large number of jobs in Sherwood (see Figure 20) are lower wage sectors, such as in Retail and Accommodations and Food Services.

Figure 7. Average Annual Wage, Covered Employment, Sherwood and Portland region, 2016.

Source: Oregon Quarterly Census of Employment and Wages.



Over the 2012-2016 period, Sherwood's median household income was well above comparable cities in the region, as well as Washington County's, the Portland Region's, and the State's median household income.

Figure 8. Median Household Income,⁵⁸ 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 five-year estimate, Table B19013.

\$86,111 Sherwood	\$69,743 Washington County	\$53,270 Oregon	
\$49,857 Forest Grove	\$65,505 Tigard	\$71,896 Tualatin	\$63,097 Wilsonville

⁵⁸ The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

Sherwood's median family income was well above that of Washington County's, the Portland Region's, and the State's median family income for the 2012-2016 period.

Figure 9. Median Family Income,⁵⁹ 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 five-year estimate, Table B19113.

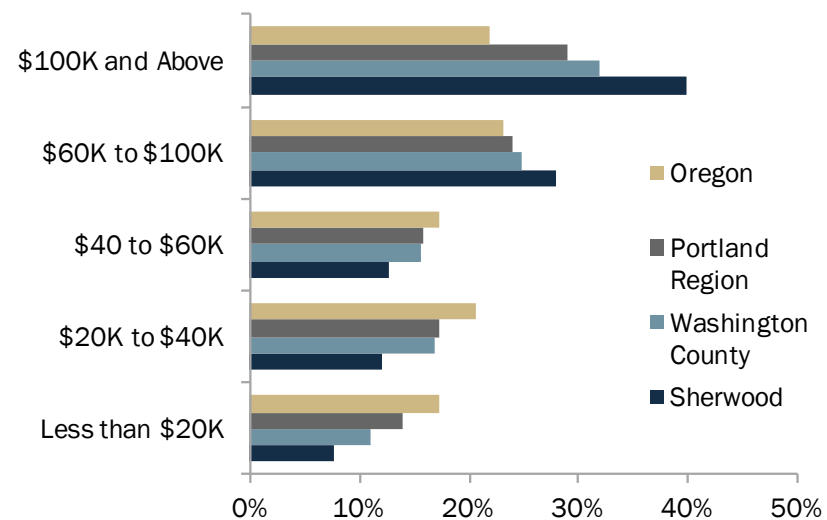


During the 2012-2016 period, 40% of Sherwood households earned more than \$100,000.

About 28% of Sherwood households had an income between \$60,000 and \$100,000 compared to 23% statewide, 24% in the Portland Region, and 25% in Washington County.

Figure 10. Household Income by Income Group, Sherwood, Washington County, Portland Region, and Oregon, 2010-2016, Inflation-adjusted 2016 Dollars

Source: U.S. Census Bureau, American Community Survey, 2012-2016 5-year estimates, Table B19001.



⁵⁹ The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

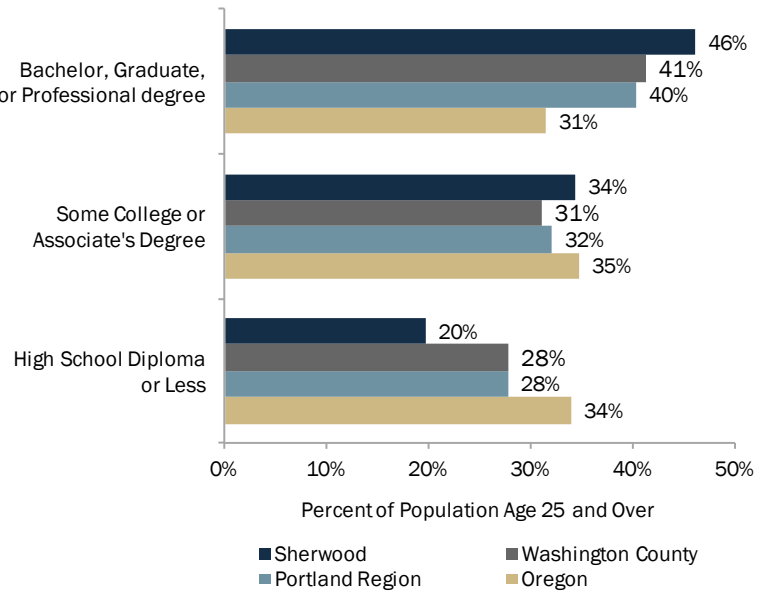
Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

Sherwood has a larger share of residents with Bachelor, Graduate, or Professional school degrees (46%) relative to Washington County (41%), the Portland Region (40%), and Oregon (31%).

Figure 11. Educational Attainment for the Population 25 Years and Over, 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 5-year estimate, Table B15003.



Labor Force Participation and Unemployment

The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2012-2016 American Community Survey, Sherwood has more than 9,700 people in its labor force.

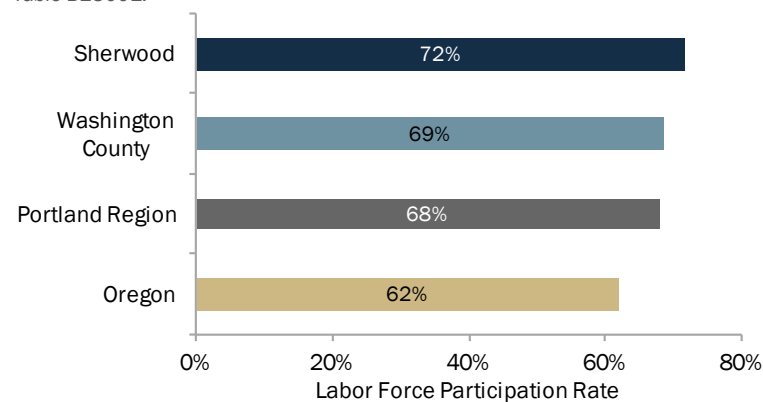
In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. In the Portland Metro region, 51% of job vacancies were hard to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).⁶⁰ These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

Sherwood has a higher labor force participation rate (72%) than Washington County (69%), the Portland Region (68%) and Oregon (62%).

The likely reason for the higher labor force participation rate is Sherwood's smaller share of people over 60 years old.

Figure 12. Labor Force Participation, Sherwood, Washington County, Portland Region, Oregon, 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2010-2016 5-year estimate, Table B23001.



⁶⁰ Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey, Oregon Employment Department, June 2018.

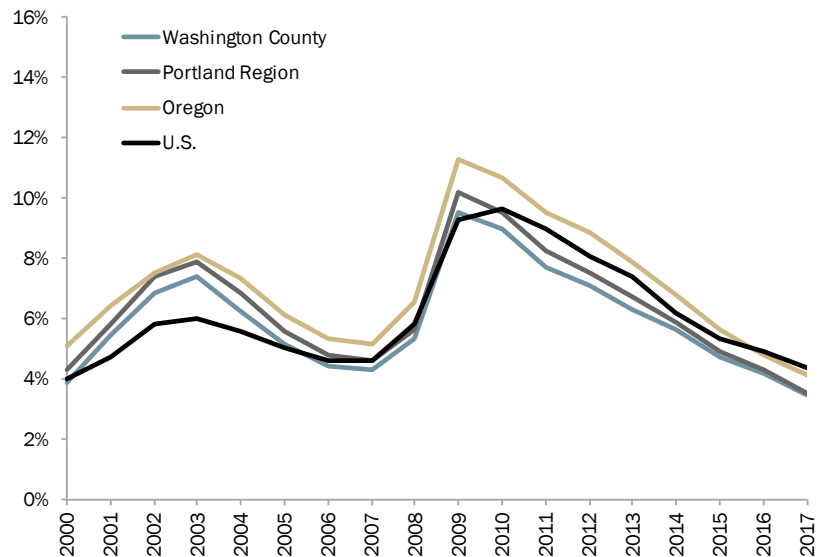
The unemployment rate in Oregon and the U.S. has declined since the recession.

Unemployment rates for 2017 in Washington County, the Portland Region, and across the state are below 2000 rates.

In 2017, the unemployment rate in Washington County was about 3.4%, lower than the Portland Region's rate of 3.5%, Oregon's rate of 4.1% and the national rate of 4.4%.

Figure 13. Unemployment Rate, Washington County, Portland Region, Oregon, and US, 2000 - 2017

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

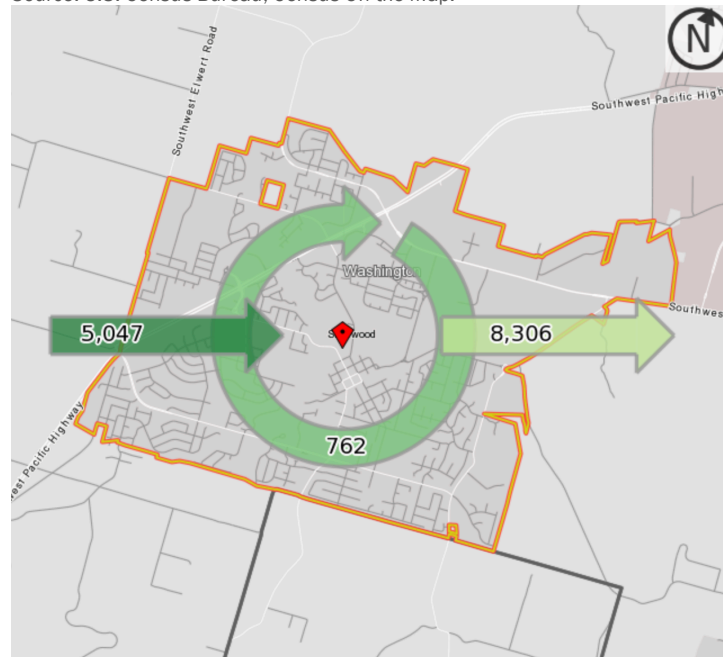
Commuting plays an important role in Sherwood's economy because employers in Sherwood are able to access workers from people living in the city and from across the Portland Metro Region. In the 2012-2016 period, about 23% percent of Sherwood's residents had a commute of less than 15 minutes compared to 26% of Washington County residents, 23% of Portland Region residents, and 32% of Oregon residents.

Sherwood is part of an interconnected regional economy.

Fewer people both live and work in Sherwood than commute into or out of the city. This commuting pattern is similar to that in similar-sized cities in the Portland Region.

Figure 14. Commuting Flows, Sherwood, 2015

Source: U.S. Census Bureau, Census On the Map.

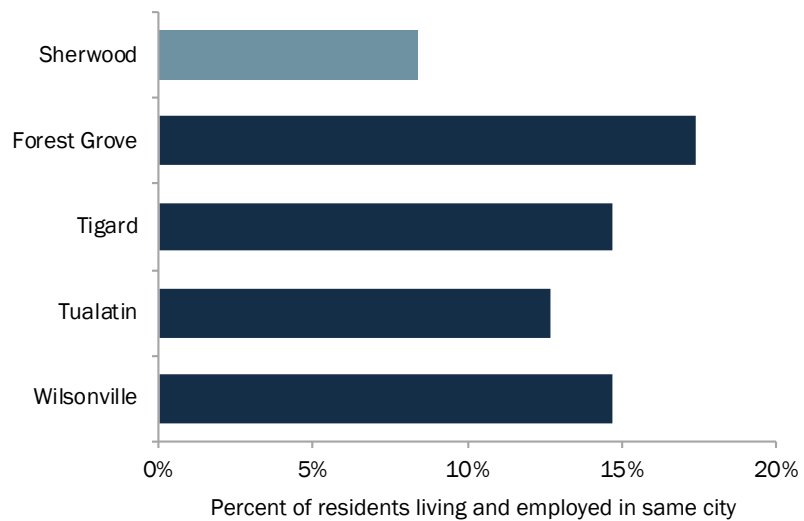


About 8% of Sherwood residents also work in Sherwood.

Other cities in the Portland region have a larger share of residents that work in the same city, but many still commute outside for employment.

Figure 15. Residents that Live and Work in the Same City, Sherwood, 2015

Source: U.S. Census Bureau, Census On the Map.



About 13% of all people who work in Sherwood also live in Sherwood.

About 8% of residents who live in Sherwood also work in Sherwood.

Twenty-two percent of Sherwood residents commute to Portland.

Figure 16. Places Where Sherwood Workers Lived,⁶¹ 2015

Source: U.S. Census Bureau, Census On the Map.



Figure 17. Places Where Sherwood Residents were Employed,⁶² 2015

Source: U.S. Census Bureau, Census On the Map.



⁶¹ In 2015, 5,809 people worked at businesses in Sherwood, with 13% (762) people both living and working in Sherwood.

⁶² In 2015, 9,068 residents of Sherwood worked, with 8% of Sherwood residents (762 people) both living and working in Sherwood.

Figure 16 shows 11% of people who work in Sherwood commute from Portland, 5% from Beaverton, and 5% from Tigard. The remaining workers commute from many other cities located across the Portland Metro area.

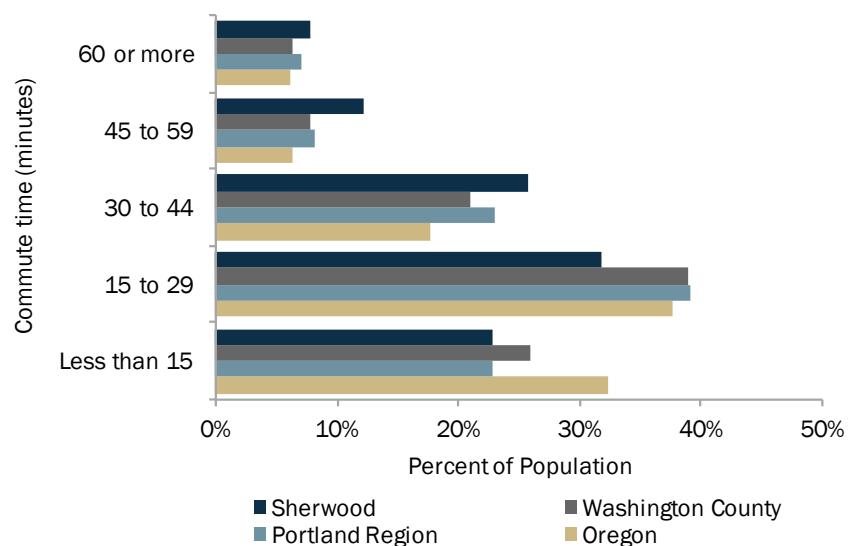
These findings are consistent with the commuting findings presented in the 2018 Draft Urban Growth Report. That report shows that most jobs in the region are in Multnomah County, with about 46% of workers who live in Washington County commuting to Multnomah County for work.⁶³

The majority of Sherwood residents have a commute time of less than 30 minutes.

About 26% of Sherwood residents have commute times between 30 to 44 minutes, and about 20% commute for forty-five minutes or more.

Figure 18. Commute Time by Place of Residence, 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 5-year estimate, Table B08303.



Changes in Employment in Washington County and Sherwood

The economy of the nation changed substantially between 1980 and 2016. These changes affected the composition of Oregon’s economy, including Washington County’s and Sherwood’s economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services.

Employment Trends in Washington County

Over the past few decades, employment in the U.S. has shifted from manufacturing and resource-intensive industries to service-oriented sectors of the economy. Increased worker

⁶³ *Urban Growth Report*, Discussion Draft, Metro, July 3, 2018

productivity and the international outsourcing of routine tasks have led to declines in employment in the major goods-producing industries.

In the 1970s, Oregon started to transition away from reliance on traditional resource-extraction industries. An important indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry⁶⁴ and concurrent growth of employment in high-technology manufacturing industries (Industrial Machinery, Electronic Equipment, and Instruments).⁶⁵

As Oregon has transitioned away from natural resource-based industries, the composition of Oregon's employment has shifted from natural resource-based manufacturing and other industries to service industries. The share of Oregon's total employment in Service industries increased from its 1970s average of 19% to 30% in 2000, while employment in Manufacturing declined from an average of 18% of total employment in the 1970s to an average of 12% in 2000.

The changes in sectors and industries are shown in two tables: (1) between 1980 and 2000 and (2) between 2001 and 2016. The analysis is divided this way because of changes in industry and sector classification that made it difficult to compare information about employment collected after 2001 with information collected prior to 2000.

Employment data in this section is summarized by *sector*, each of which includes several individual *industries*. For example, the Retail Trade sector includes General Merchandise Stores, Motor Vehicle and Parts Dealers, Food and Beverage Stores, and other retail industries.

Table 5 shows changes in Washington County between 1980 and 2000. Over the total period, total employment in Washington County increased by 132% from about 93,916 to 218,125 employees. Between 1980 and 2000, employment in services as a share of total employment rose from 15% to 28%.

⁶⁴ Lumber and Wood Products manufacturing is in Standard Industrial Classification (SIC) 24

⁶⁵ SIC 35, 36, 38

Table 5. Covered Employment by SIC Industries, Washington County, 1980-2000

Sector	1980	1990	2000	Change 1980 to 2000		
				Difference	Percent	AAGR
Agriculture, Forestry & Fishing	2,344	4,545	5,573	3,229	138%	4.4%
Mining	0	182	251	251	NA	NA
Construction	5,025	7,805	12,202	7,177	143%	4.5%
Manufacturing	32,990	33,636	50,020	17,030	52%	2.1%
Trans., Comm., & Utilities	2,445	4,624	8,173	5,728	234%	6.2%
Wholesale Trade	6,282	12,262	18,675	12,393	197%	5.6%
Retail Trade	18,087	27,480	39,253	21,166	117%	4.0%
Finance, Insurance, & Real Estate	4,025	6,877	12,528	8,503	211%	5.8%
Services	13,805	30,430	61,163	47,358	343%	7.7%
Non Classifiable	NA	NA	101	NA	NA	NA
Government	8,913	8,704	10,186	1,273	14%	0.7%
Total	93,916	136,545	218,125	124,209	132%	4.3%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 1980-2000.

Note: "ND" stands for "Not disclosed" and indicates that the data has been suppressed by the BLS due to confidentiality constraints. In most years, the non-disclosure is negligible.

Table 6 shows employment in NAICS-categorized industries in Washington County for 2001 and 2016. Employment increased by 54,440 jobs, or 24%, over this period. The private sectors with the largest increases in numbers of employees were professional and business services, health care and social assistance, accommodation and food services, and retail trade. Employment in higher wage industries, such as manufacturing, decreased by 2,369 jobs over the 2001 to 2016 time period. The health care and social assistance sector increased by 12,487 jobs.

The average wage for covered employment in Washington County in 2016 was about \$65,900.

Table 6. Covered Employment by Industry, Washington County, 2001-2016

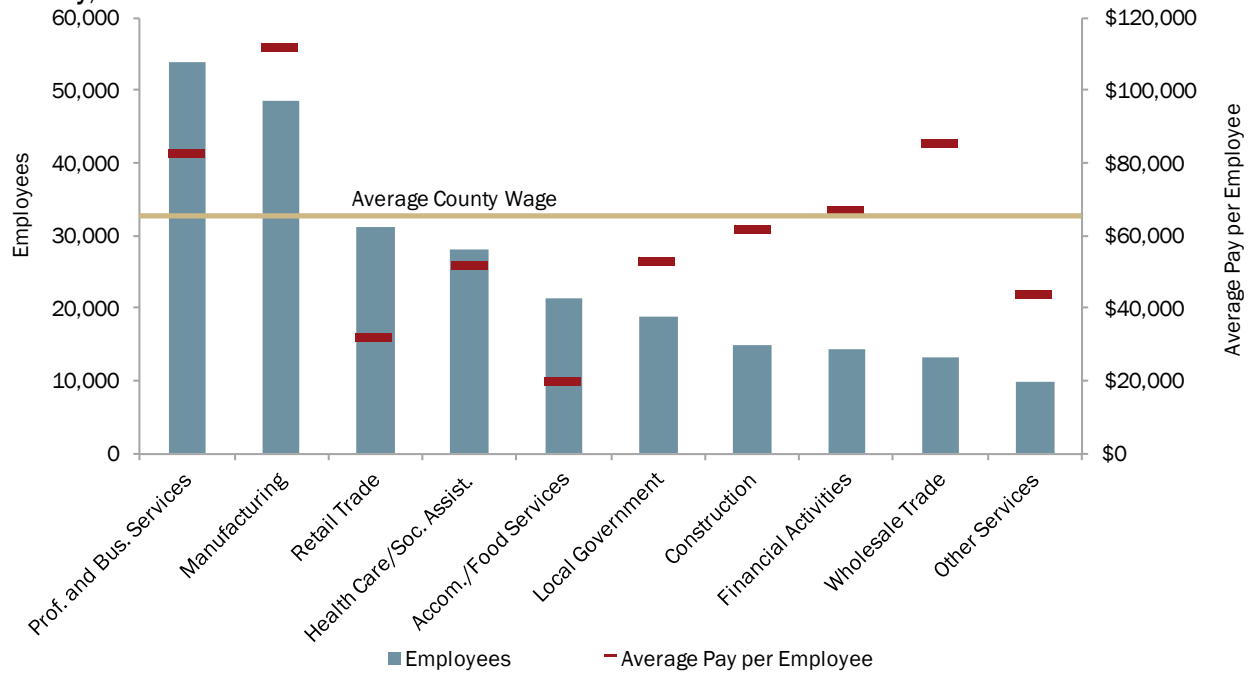
Sector	2001	2016	Change 2001 to 2016		
			Difference	Percent	AAGR
Natural Resources and Mining	3,607	3,237	-370	-10%	-0.7%
Construction	12,591	14,877	2,286	18%	1.1%
Manufacturing	50,872	48,503	-2,369	-5%	-0.3%
Wholesale trade	14,478	13,362	-1,116	-8%	-0.5%
Retail trade	26,864	31,134	4,270	16%	1.0%
Trade, Transportation, and Utilities	4,500	4,567	67	1%	0.1%
Information	8,687	7,439	-1,248	-14%	-1.0%
Financial Activities	13,139	14,397	1,258	10%	0.6%
Professional and Business Services	34,295	53,768	19,473	57%	3.0%
Educational Services	3,551	5,160	1,609	45%	2.5%
Health care and social assistance	15,532	28,019	12,487	80%	4.0%
Arts, entertainment, and recreation	2,369	4,205	1,836	78%	3.9%
Accommodation and food services	14,237	21,332	7,095	50%	2.7%
Other Services	7,188	9,947	2,759	38%	2.2%
Unclassified	75	45	-30	-40%	-3.3%
Government	16,516	22,949	6,433	39%	2.2%
Total	228,501	282,941	54,440	24%	1.4%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2016.

Note: "ND" stands for "Not Disclosed" and indicates that the data has been suppressed by the BLS due to confidentiality constraints. The total amount of not-disclosed employment is shown in the table.

Figure 19 shows covered employment and average wage for the 10 largest industries in Washington County. Jobs in professional and business services, which account for about 19% of the County’s covered employment, pay more per year than the county average (\$82,388 compared to \$65,553). Jobs in construction and financial activities approximately pay the 2016 County average annual amount. Retail trade, health care and social assistance, accommodation and food services, local government, and other services pay below the 2016 county average, while manufacturing and wholesale trade pay well above the County average.

Figure 19. Covered Employment and Average Pay by Sector, 10 Largest Sectors Washington County, 2016



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2016.

Employment Trends in Sherwood

Table 7 shows a summary of covered employment data for the city of Sherwood in 2016. The sectors with the greatest number of employees were Retail Trade (17%), Accommodation and Food Services (13%), and Manufacturing (11%). These sectors accounted for 2,509 jobs or 41% of Sherwood’s employment.

The average size for a private business in Sherwood is 9 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for roughly 57% of private employment in Sherwood. Businesses with 9 or fewer employees account for 20% of private employment and 4 or fewer account for 10% of private employment.

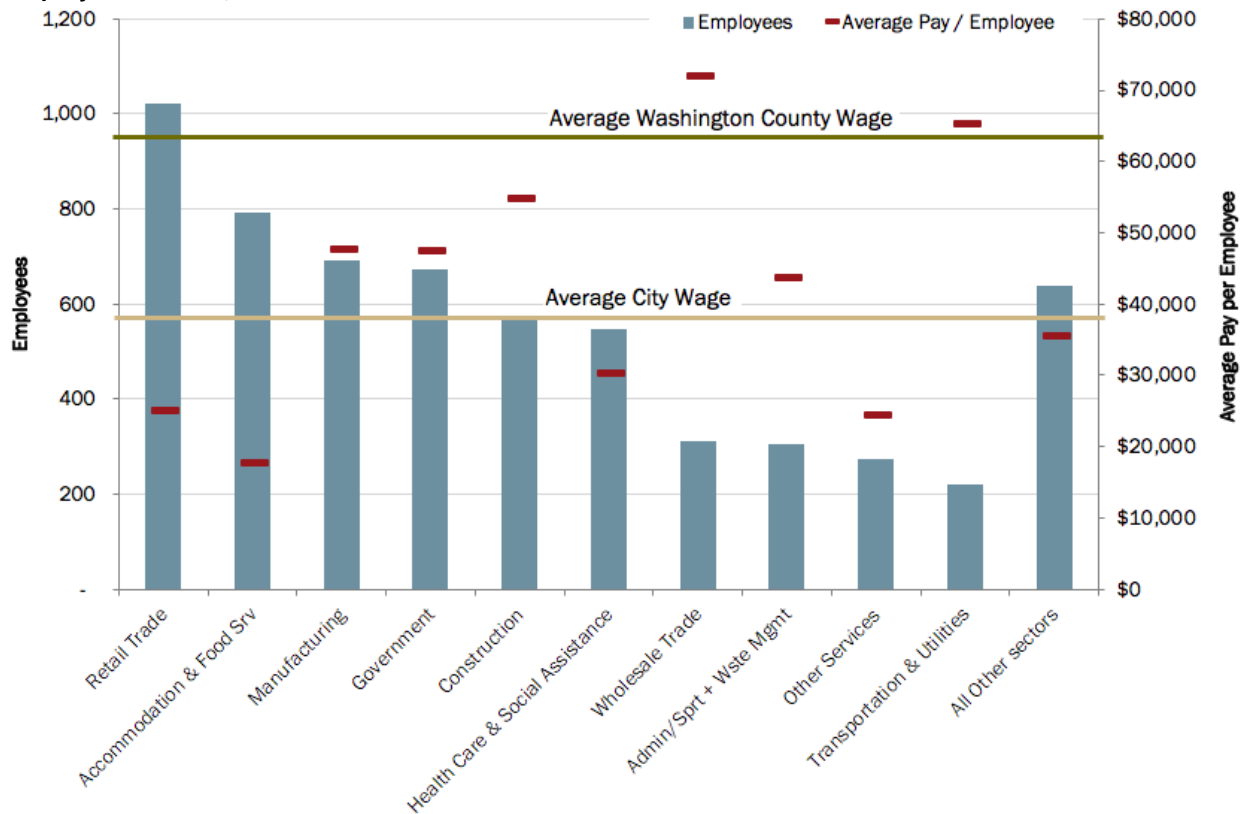
Table 7. Covered Employment and Average Pay by Industry, Sherwood City Limits and Tonquin Employment Area, 2016

Sector/Industry	Establishments	Employees	Payroll	Average Pay / Employee
Construction	60	569	\$ 31,381,520	\$ 55,152
Manufacturing	30	693	\$ 33,207,616	\$ 47,919
Wholesale Trade	62	312	\$ 22,593,328	\$ 72,415
Retail Trade	51	1,022	\$ 26,036,704	\$ 25,476
Transportation and Utilities	12	221	\$ 14,517,532	\$ 65,690
Information	10	37	\$ 947,471	\$ 25,607
Finance and Insurance	31	87	\$ 4,715,399	\$ 54,200
Real Estate and Rental and Leasing	28	112	\$ 4,394,547	\$ 39,237
Professional and Technical Services, Mgmt of Companies	60	138	\$ 9,106,105	\$ 65,986
Administrative and Support and Waste Mgmt Services	40	305	\$ 13,401,928	\$ 43,941
Private Education Services	12	73	\$ 1,299,774	\$ 17,805
Health Care and Social Assistance	57	547	\$ 16,787,634	\$ 30,690
Arts, Entertainment, and Recreation	9	191	\$ 2,442,711	\$ 12,789
Accommodation and Food Services	45	794	\$ 14,300,792	\$ 18,011
Other Services	96	275	\$ 6,790,400	\$ 24,692
Government	11	672	\$ 32,107,329	\$ 47,779
Total	614	6,048	\$ 234,030,790	\$ 38,696

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2016.

Figure 20 shows the employment and average pay per employee for selected industrial sectors in Sherwood. Average pay for all employees (\$38,695) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Manufacturing; Government; Construction; Wholesale Trade; Administrative and Support and Waste Management; Other Services; and Transportation and Utilities have above average wages. The lowest wages are in Retail Trade and Accommodations and Food Services.

Figure 20. Covered Employment and Average Pay by Industry, Sherwood City Limits and Tonquin Employment Area, 2016



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2016.

Tourism in Portland Metro and Washington County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International’s Oregon 2015 Regional Visitor Report for the Greater Portland Region.⁶⁶ Broadly, travelers to the Greater Portland Region account for:

- 10.6 million overnight trips annually; 32% of Oregon Travel.
- Primary market area for travelers is Oregon, Washington, California, and Idaho: 30% of Greater Portland Region visitors are from Oregon; 27% are from Washington; 16% are from California; and 4% are from Idaho.
- 50% stayed 2 or fewer nights; 35% stayed 3-6 days; and 15% stayed 7 or more days.
- Average per person expenditures on overnight trips range from \$12 to \$50 per night.
- About 66% of visits are by personally-owned automobiles; 22% by rental car; 3% by RV.
- Visitors are younger and well-educated: over half have college degrees; 44% of visitors are between the ages 25-44; 30% are 45-64; 43% earn less than \$50k; 21% earn between \$50k and \$75k; 15% earn between \$75k and \$100k; and 21% over \$100k.

Washington County’s direct travel spending increased 78% from 2000 to 2016.

The Portland Metro Region’s direct travel spending increased by 81% over the same period.

Figure 21. Direct Travel Spending (\$ millions), 2000 and 2016

Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2016.

2000	\$2,700	\$410
	Portland Metro Region	Washington County
2016	\$4,900	\$728
	Portland Metro Region	Washington County

Washington County’s lodging tax receipts increased 170% over 2006 to 2016.

Figure 22. Lodging Tax Receipts, 2006 and 2016

Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2016.

2006	\$4,537
	Washington County
2016	\$12,262
	Washington County

Washington County’s largest visitor spending for purchased commodities is food services.

Figure 23. Largest Visitor Spending Categories (\$ millions), Washington County, 2016

Source: Oregon Travel Impacts.

\$199.6	\$133.3	\$96.7
Food Service	Accommodations	Retail

⁶⁶ “Oregon 2015 Regional Visitor Report, Greater Portland Region,” Longwoods International, 2015.

Washington County's largest employment generated by travel spending is in the accommodations and food service industry.

Figure 24. Largest Industry Employment Generated by Travel Spending, Washington County, 2016

Source: Oregon Travel Impacts.

5,400 jobs	1,100 jobs	600 jobs
Accommodations & Food Service	Arts, Entertainment, & Recreation	Retail

Regional Business Clusters

One way to assess the types of businesses that are likely to have future growth in an area is to examine relative concentration and employment growth of existing businesses. This method of analysis can help determine relationships and linkages within industries, also called industrial clusters. Sectors that are highly concentrated (meaning there are more than the “average” number of businesses in a sector in a given area) and have had high employment growth are likely to be successful industrial clusters. Sectors with either high concentration of businesses or high employment groups may be part of an emerging cluster, with potential for future growth.

The U.S. Cluster Mapper is a database created by the Harvard Business School and the U.S. Economic Development Administration. It provides a snapshot of the business clusters in Washington County. Greater Portland Inc. (GPI) completed a cluster analysis for the Portland region in 2018 as part of the *Greater Portland 2020* economic development strategy.⁶⁷ The six target clusters it identified—and how these clusters align with U.S. Cluster Mapper results for Washington County—were:⁶⁸

- **Clean Tech.** GPI identified Clean Tech as a cluster that accounts for 20% of the total cluster employment in the Portland region, as of 2016. Employment in this cluster increased by about 7% between 2006 and 2016. The average wage in Clean Tech in the Portland metropolitan statistical area was \$86,300 in 2016, which is above the average wage for Washington County.
- **Computer and Electronics.** The Computer and Electronics cluster accounted for the largest share of total cluster employment in the Portland region in 2016 at 24%. GPI identified this cluster as a “Growing Base Industry,” and it closely aligns with the Information Technology and Analytical Instruments cluster, from U.S. Cluster Mapper, which employed 13,267 people in Washington County in 2015. The average wage in Computer and Electronics in the Portland metropolitan statistical area was \$132,400 in 2016, above the average wage for Washington County.
- **Software and Media.** GPI identified the Software and Media cluster as an “emerging industry” in the Portland region. Employment in this cluster grew by about 67% between 2006 and 2016 and accounted for 19% of the total cluster employment in 2016. This cluster aligns with the Marketing, Design, and Publishing cluster, from U.S. Cluster

⁶⁷ Greater Portland Inc. *Greater Portland 2020*. “Regional Trends in Greater Portland’s Target Clusters.” Presentation. 2018.

⁶⁸ Ibid.

Mapper, which employed 2,974 people in Washington County in 2015. The average wage in Software and Media in the Portland metropolitan statistical area was \$101,700 in 2016, above the average wage for Washington County.

- **Athletic and Outdoor.** GPI identified the Athletic and Outdoor cluster as a “Growing Base Industry.” Employment in this cluster accounted for about 14% of the total cluster employment in the Portland region in 2016, and the Portland region has a higher-than-average average wage in this cluster at \$132,763, compared to the U.S. average at \$49,366. The Athletic and Outdoor cluster aligns with the Distribution and Electronic Commerce cluster, as defined in U.S. Cluster Mapper, which employed 21,367 people in Washington County in 2015. The average wage in the Athletics and Outdoors cluster in the Portland metropolitan statistical area was \$132,800 in 2016, above the average wage for Washington County.
- **Health Sciences and Technology.** Employment in the Health Sciences and Technology cluster grew by about 12% between 2006 and 2016, and GPI identified it as an “Emerging Industry.” This cluster aligns with the Education and Knowledge Creation cluster, from U.S. Cluster Mapper, which employed 9,638 people in Washington County in 2015. The average wage in Health Sciences and Technology in the Portland metropolitan statistical area was \$7,700 in 2016, just above the average wage for Washington County.
- **Metals and Machinery.** GPI identified the Metals and Machinery cluster as a “Growing Base Industry,” and employment in this cluster grew by about 5% between 2006 and 2016. The average wage in Metals and Machinery in the Portland metropolitan statistical area was \$79,900 in 2016, above the average wage for Washington County.

Outlook for growth in Washington County

Table 8 shows the Oregon Employment Department's forecast for employment growth by industry for the Portland Region (Clackamas, Multnomah, and Washington Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 1.2%.

The sectors that will lead employment in the region for the 10-year period are: Professional and Business Services (adding 28,100 jobs), Private Educational and Health Services (27,300), Trade, Transportation, and Utilities (21,400), Leisure and Hospitality (13,800), Construction (8,600), and Manufacturing (4,900). In sum, these sectors are expected to add 104,100 new jobs or about 85% of employment growth in the Portland Region.

Table 8. Regional Employment Projections, 2017-2027, Portland Region (Clackamas, Multnomah, and Washington Counties)

Industry Sector	2017	2027	Change 2017 - 2027		
			Number	Percent	AAGR
Total private	856,800	971,800	115,000	13%	1.3%
Natural resources and mining	9,800	10,600	800	8%	0.8%
Mining and logging	700	700	0	0%	0.0%
Construction	50,500	59,100	8,600	17%	1.6%
Manufacturing	101,100	106,000	4,900	5%	0.5%
Durable goods	76,300	79,200	2,900	4%	0.4%
Wood product manufacturing	2,300	2,300	0	0%	0.0%
Trade, transportation, and utilities	176,900	198,300	21,400	12%	1.1%
Wholesale trade	48,000	51,800	3,800	8%	0.8%
Retail trade	95,000	104,900	9,900	10%	1.0%
Transportation, warehousing, and utilities	33,900	41,600	7,700	23%	2.1%
Information	21,700	24,300	2,600	12%	1.1%
Financial activities	60,000	63,400	3,400	6%	0.6%
Professional and business services	155,500	183,600	28,100	18%	1.7%
Private educational and health services	140,800	168,100	27,300	19%	1.8%
Private educational services	22,800	26,700	3,900	17%	1.6%
Health care and social assistance	118,000	141,500	23,500	20%	1.8%
Leisure and hospitality	101,100	114,900	13,800	14%	1.3%
Accommodation and food services	86,300	97,800	11,500	13%	1.3%
Other services	39,400	43,500	4,100	10%	1.0%
Government	114,100	122,000	7,900	7%	0.7%
Federal government	14,200	14,900	700	5%	0.5%
State government	7,600	8,200	600	8%	0.8%
Local government	92,300	98,900	6,600	7%	0.7%
Local education	47,200	51,500	4,300	9%	0.9%
Total payroll employment	970,900	1,093,800	122,900	13%	1.2%

Source: Oregon Employment Department. Employment Projections by Industry 2017-2027.

Sherwood's Competitive Advantages

Economic development opportunities in Sherwood will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in Sherwood relative to these conditions in other portions of the Portland region form Sherwood's competitive advantage for economic development. Sherwood's competitive advantages have implications for the types of firms most likely to locate and expand in the Area.

There is little that metropolitan area jurisdictions can do to influence national and state conditions that affect economic development, though they can influence local factors that affect economic development. Sherwood's primary competitive advantages are location, schools, and quality of life. These factors make Sherwood attractive to residents and businesses that want a high quality of life where they live and work.

The local factors that form Sherwood competitive advantage are summarized in the subsections below.

Location

Sherwood's population was approximately 19,350 people in 2017. It is a city located in southern Washington County to the southwest of Tigard. Highway 99 runs southwest-northeast through the city. The highway provides access to Newberg in the southwest as well as Tigard in the northeast and Beaverton further north. Sherwood's location will impact the area's future economic development:

- Sherwood has access to 99W and the State's highway system and other transportation opportunities. Highway 99W runs southwest-northeast through the Sherwood UGB, which connects up to Interstate 5 in Tigard—residents can also access Interstate 5 by commuting east through Tualatin or southeast through the unincorporated community of Mulloy.
- Residents and businesses in Sherwood have access to other modes of transportation in Portland, including the TriMet Line 94 which transports passengers from Sherwood to and from Portland, the Portland airport, and Amtrak rail service. Though Sherwood is located in this transportation network, congestion issues on these routes presents barriers for residents commuting in and out of Sherwood, as well as businesses that need to transport goods and supplies.
- Sherwood is located within Washington County, the second-most populated county in the State, with 595,860 people in 2017. Sherwood is about 17 miles southeast of Portland, the most populated city in Oregon with 639,100 people in 2017. Other nearby and relatively large cities include Beaverton, Tigard, and Lake Oswego. In 2015, about 92% of Sherwood's residents commuted out of the City for work. Residents and City staff have noted that the high-quality of schools is a factor for choosing to live in Sherwood.
- Sherwood is located south of Beaverton and near the South Cooper Mountain expansion area, where residential growth will occur in the near term. The proximity of Sherwood

to this residential growth may create demand for services to locate in Sherwood. In addition, this population growth may provide housing for workers at businesses that locate or grow in Sherwood.

- Residents of Sherwood have access to amenities, such as the Tualatin River National Wildlife preserve, that provide a high quality of life.

Sherwood's location, quality of life and schools, and proximity to larger cities in the Portland Region are primary competitive advantages for economic development in Sherwood.

Availability of Transportation

All firms are heavily dependent upon surface transportation for efficient movement of goods, customers, and workers. Access to an adequate highway and arterial roadway network is needed for all industries. Close proximity to a highway or arterial roadway is critical for firms that generate a large volume of truck or auto trips as well as firms that rely on visibility from passing traffic to help generate business.

Businesses and residents in Sherwood have access to a variety of modes of transportation: automotive (99W and local roads); bus (TriMet, Line 94); and air (Portland Airport and Hillsboro Airport). Businesses in Sherwood can ship freight through the Port of Portland via trucks. Sherwood does not currently have active rail access but may have rail access in the future when rail infrastructure is brought into use again.

While Sherwood has automotive access for commuting via 99W as it cuts through Sherwood, this route and other major roads, such as SW Roy Rogers Road and SW Tualatin-Sherwood Road, are frequently congested. This current transportation network is considered a disadvantage for both residents commuting to jobs both in and out of Sherwood and businesses that need a distribution route to access the region.

Sherwood's distance from I-5 is a disadvantage for attracting some types of businesses, such as warehouse and distribution or manufacturers that need close access to I-5 for heavy freight. Sherwood's distance from Portland International Airport is a disadvantage for businesses needing access to commercial air service or freight services offered at the Portland Airport only. Businesses needing access to a general aviation airport, such as those with corporate planes, can use the Hillsboro Airport, which is relatively near Sherwood.

Public Facilities and Services

Provision of public facilities and services can impact a firm's decision regarding location within a region, but ECONorthwest's past research has shown that businesses make locational decisions primarily based on factors that are similar within a region. These factors are: the availability and cost of labor, transportation, raw materials, capital, and amenities. The availability and cost of these production factors are usually similar within a region.

Once a business has chosen to locate within a region, they consider the factors that local governments can most directly affect: tax rates, the cost and quality of public services, and regulatory policies. Economists generally agree that these factors do affect economic

development, but the effects on economic development are modest. Thus, most of the strategies available to local governments have only a modest effect on the level and type of economic development in the community.

Transportation Improvements

We will talk to Bob G and add this discussion.

The *Tonquin Employment Area Implementation Plan* identifies the need for \$14.1 million in transportation improvements to serve the entire TEA. Transportation improvements include improvements on Oregon Street, Blake Road, the intersection of Oregon St. and Blake Rd., Tonquin Court, SW 124th Ave, and SW Dahike Lane. Of the \$14.1 million, about \$10 million is expected to be invested in the first 20 years of development of the Area.

Water

We will talk to Bob G and add this discussion.

The *Tonquin Employment Area Implementation Plan* identifies the need for \$5.4 million in water improvements to serve the entire TEA. Water improvements include the construction of water lines and upgrades to the Willamette River Treatment Plan capacity. Of this \$5.4 million, about \$3 million is expected to be invested in the first 20 years of development of the Area.

Wastewater

We will talk to Bob G and add this discussion.

The *Tonquin Employment Area Implementation Plan* identifies the need for \$1.7 million in waste water improvements to serve the entire TEA. Waste water improvements are construction of sewer lines along key streets in the TAC. The entire amount is expected to be invested in the first 20 years of development of the Area.

Stormwater

We will talk to Bob G and add this discussion.

The *Tonquin Employment Area Implementation Plan* identifies the need for \$1.9 million in stormwater improvements to serve the entire TEA. Stormwater improvements include construction of stormwater lines and construction of two regional treatment facilities. Of this \$1.9 million, about \$1.5 million is expected to be invested in the first 20 years of development of the Area.

Availability of Vacant, Serviced Land

One of the key inputs for economic development is vacant, unconstrained land with urban services, such as those discussed in the prior sections. Business' need for land varies from: need for an office in an existing building; need for a small site (such as a one-quarter acre site) for a new small building; or need for a large site (such as a 50-acre site) for one or more large

buildings, parking, and other facilities. Businesses consider a range of factors when choosing a location, such as location within the city (and region), access to transportation, location of other businesses, amenities around the site (such as landscaping or access to retail and restaurants), and the characteristics of the site (such as site size and physical constraints)

Chapter 2 presents the buildable lands inventory for Sherwood. Sherwood has a total 242 acres of unconstrained land, 141 acres of which is vacant and 101 acres of which is potentially redevelopable. Nearly 60% of the City's vacant unconstrained land (and nearly 40% of the potentially redevelopable land) is in the Tonquin Employment Area (TEA).

Sherwood has nine sites in the five to ten-acre size, most of which are industrial use or in the TEA. Sherwood has three vacant sites larger than 10 acres of unconstrained land. One of these sites is 56 acres in the TEA, and the other two sites are zoned for industrial uses and about 12 acres in size.

Although Sherwood has vacant unconstrained land that can support a substantial amount of development, much of that land lacks urban services (such as the services discussed in the prior section). The *Tonquin Employment Area Implementation Plan* documents the infrastructure necessary to support employment growth, as described in the prior section.

Sherwood's vacant unconstrained land base is an advantage for economic development, especially the larger industrial sites in Sherwood and the TEA. The lack of infrastructure to support employment growth is a disadvantage to economic development, as areas without infrastructure, especially the TEA, are unlikely to develop until infrastructure is developed.

Quality of Life

Quality of life is difficult to assess because it is subjective—different people will have different opinions about factors that affect quality of life, desirable characteristics of those factors, and the overall quality of life in any community. Economic factors such as income, job security, and housing cost are often cited as important to quality of life. These economic factors and overall economic conditions are the focus of this report, so this section will focus on non-economic factors that affect quality of life.

Sherwood's quality of life is a key comparative advantage for economic development. Key quality of life factors in Sherwood are:

- **Tualatin River National Wildlife Refuge.** This suburban nature preserve provides residents walking trails and opportunities for wildlife education.
- **Cultural amenities and events.** In addition to the national wildlife refuge noted above, the City of Sherwood has a robust parks and trail system. Another amenity available to

Sherwood residents are the high-quality sports facilities for local schools, small town character, community groups, and regional groups.⁶⁹

- **Access to education.** Many residents live in Sherwood because of the high school quality for elementary, middle, and high school students. George Fox University, located in Newberg, and Clackamas Community College, located in Wilsonville, provide access to higher education to residents of Sherwood and the rest of the county.
- **Access to medical care.** Residents of Sherwood can access nearby medical care through the Providence Medical Plaza in Sherwood. About four miles northeast of Sherwood, residents can also access the Kaiser Permanente Tualatin Medical Office.

Sherwood's quality of life makes the city attractive to in-migrants and businesses that are attracted to Washington County.

⁶⁹ City of Sherwood Amenities. Retrieved from:
<https://www.sherwoodoregon.gov/economicdevelopment/page/amenities>.

4. Employment Growth and Site Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for Sherwood is based on expected employment growth and the types of firms that are likely to locate in Sherwood over the 20-year period. This section presents an employment forecast and analysis of target industries that build from recent economic trends.

Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and non-retail commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in Sherwood. This employment land demand is driven by local growth independent of broader economic opportunities, including the growth of target industries.

The employment projections in this section build off of Sherwood's existing employment base, assuming future growth is similar to Washington and Multnomah Counties' long-term historical employment growth rates. The employment forecast does not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

Projecting demand for industrial and non-retail commercial land has four major steps:

1. **Establish base employment for the projection.** We start with the estimate of covered employment in Sherwood presented in Table 7. Covered employment does not include all workers, so we adjust covered employment to reflect total employment in Sherwood.
2. **Project total employment.** The projection of total employment considers forecasts and factors that may affect employment growth in Sherwood over the 20-year planning period.
3. **Allocate employment.** This step involves allocating types of employment to different land-use types.
4. **Estimate land demand.** This step estimates general employment land demand based on employment growth and assumptions about future employment densities.

The remainder of this section follows this outline to estimate employment growth and commercial and industrial land demand for Sherwood.

Employment Base for Projection

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in Sherwood starts with a base of employment growth on which to build the forecast. Table 9 shows ECONorthwest's estimate of total employment in the Sherwood city limits and Tonquin Employment Area in 2016.

To develop the figures, ECONorthwest started with estimated covered employment in the Sherwood city limits and Tonquin Employment Area from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, Sherwood had about 6,048 covered employees in 2016, accounting for 2.1% of covered employment in Washington County.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Washington County is only about 77% of *total* employment reported by the U.S. Department of Commerce.⁷⁰ We evaluated this ratio for each industrial sector for Washington County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in Sherwood. Table 9 shows Sherwood had an estimated 7,919 *total* employees within its UGB in 2016.

⁷⁰ **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on data from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Table 9. Estimated total employment by sector, Sherwood City Limits and Tonquin Employment Area, 2016

	Covered Employment	Estimated Total Employment	Covered % of Total
Construction	569	717	79%
Manufacturing	693	721	96%
Wholesale trade	312	393	79%
Retail trade	1,022	1,248	82%
Transportation and warehousing and Utilities	221	287	77%
Information	37	44	83%
Finance and insurance	87	149	58%
Real estate and rental and leasing	112	473	24%
Professional, scientific; mgmt of companies	138	248	56%
Admin. and waste mgmt services	305	382	80%
Educational services	73	146	50%
Health care and social assistance	547	684	80%
Arts, entertainment, and recreation	191	391	49%
Accommodation and food services	794	866	92%
Other services, except public administration	275	489	56%
Government	672	681	99%
Total Non-Farm Employment	6,048	7,919	77%

Source: 2016 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Employment Projection

The employment forecast covers the 2018 to 2038 period, requiring an estimate of total employment for Sherwood in 2018.

The City of Sherwood does not have an existing employment forecast, and there is no required method for employment forecasting. OAR 660-024-0040(9) sets out some optional “safe harbors” that allow a city to determine employment land need.

Sherwood is relying on the safe harbor described in OAR 660-024-0040(9)(a)(A), which allows Sherwood to assume that the current number of jobs in the Sherwood urban area will grow during the 20-year planning period at a rate equal to the county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department. Sherwood’s population forecast for the 2018 to 2038 period shows that population in the Sherwood City Limits and Tonquin Employment Area will grow at an average annual growth rate of 1.24%.⁷¹

Table 10 shows employment growth in Sherwood between 2018 and 2038, based on the assumption that Sherwood will grow at an average annual growth rate of 1.20%. Sherwood will have 10,294 employees within the UGB by 2038, which is an increase of 2,184 employees (27%) between 2018 and 2038.

Table 10. Employment growth in Sherwood City Limits and Tonquin Employment Area, 2018–2038

Year	Total Employment
2018	8,110
2038	10,294
Change 2018 to 2038	
Employees	2,184
Percent	27%
AAGR	1.2%

Source: ECONorthwest

⁷¹ “Regional Employment Projections by Industry & Occupation, 2014-2024,” Portland (Multnomah and Washington Counties), Oregon Employment Department. <https://www.qualityinfo.org/portland-metro>.

Allocate Employment to Different Land Use Types

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in Sherwood will look for a variety of site characteristics, depending on the industry and specific circumstances. We grouped employment into four broad categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, and government.

Table 11 shows the expected share of employment by land-use type in 2018 and the forecast of employment growth by land-use type in 2038 in the Sherwood City Limits and Tonquin Employment Area. The forecast shows growth in all categories of employment, with the following assumptions:

- **Industrial** employment will increase from 27% in 2018 to 30% of all employment by 2038. The increase is the result of the City's policies to support growth of higher-wage industries, such as manufacturing. Included in these policies are support for development in the Tonquin Employment Area. The State forecast for the Portland Region in Table 8 shows the Portland Region adding 25,800 new jobs in industrial sectors over the 2017-2027 period.
- **Retail Commercial** employment will decrease from 16% in 2018 to 14% of all employment by 2038. While national trends show an overall decrease in retail businesses, some retail will continue to be needed locally. Growth in population in Sherwood and in surrounding areas will drive modest growth in retail businesses in the city over the 20-year period. The State forecast for the Portland Region in Table 8 shows the Portland Region adding 9,900 new jobs in retail over the 2017-2027 period.
- **Office and Commercial Services** employment will nearly hold steady at between 49% and 48% of Sherwood's employment, accounting for the largest number of new jobs through 2038. This employment group includes commercial jobs with lower than average pay (e.g., accommodations and food services) and service jobs with higher than average pay (e.g., professional services or financial services). The State forecast for the Portland Region in Table 8 shows the Portland Region adding 79,300 new jobs in office and commercial services over the 2017-2027 period, the largest and fastest growing employment grouping.
- **Government** employment will nearly hold steady at between 9% and 8% of Sherwood's employment. Growth in employment will generally follow population growth, with the majority of government employment growth in public schools. The State forecast for the Portland Region in Table 8 shows the Portland Region adding 7,900 new jobs in government over the 2017-2027 period, more than half of which are forecast to be in public education.

Table 11. Forecast of employment growth by land use type, Sherwood City Limits and Tonquin Employment Area, 2018–2038

Land Use Type	2018		2038		Change 2018 to 2038
	Employment	% of Total	Employment	% of Total	
Industrial	2,169	27%	3,088	30%	919
Retail Commercial	1,278	16%	1,441	14%	163
Office & Commercial Service	3,965	49%	4,941	48%	976
Government	697	9%	824	8%	127
Total	8,110	100%	10,294	100%	2,185

Source: ECONorthwest

Note: The shaded percentages denote an assumption about the future change in the share of employment (as a percent of total) by land use type.

Estimate of Demand for Commercial and Industrial Land

Some employment growth in Sherwood will not require vacant employment land over the 20-year period. Table 12 shows that some employment will locate in residential plan designations, based on the location of existing employment. According to QCEW data, some employment in Sherwood in 2016 is located on land designated for residential uses. The following amounts of employment located in residential plan designations are: (1) 12% of industrial employment, such as home offices for construction companies; (2) 15% of retail employment, such as corner stores or other retail in neighborhoods, and (3) 21% of office and commercial services, such as medical offices or small personal service businesses such as banks or hair stylists.

This analysis assumes that the percentage of new employment locating in residential land designations will remain the same over the 20-year period: 12% of industrial, 15% of retail, and 21% of office and commercial service employment.

Using these assumptions, 339 new employees will be accommodated on land in residential designations and 1,719 new employees will require vacant (including partially vacant) land over the 2018 to 2038 period.

Table 12. Forecast of employment growth by land use type, Sherwood City Limits and Tonquin Employment Area, 2018–2038

Land Use Type	New Employment Growth	Emp. In Res. Designations	New Emp. on Vacant Land
Industrial	919	110	809
Retail Commercial	163	24	139
Office & Commercial Services	976	205	771
Total	2,058	339	1,719

Source: ECONorthwest

Table 13 shows demand for vacant (including partially vacant) land in Sherwood over the 20-year period. The assumptions used in Table 13 are:

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Table 13 assumes the following numbers of net employees per acre: Industrial will have an average of 15 employees per acre, Retail Commercial will have an average of 20 employees per acre, and Office and Commercial Services will have an average of 25 employees per acre.

These employment densities are consistent with employment densities in Oregon cities of similar size as Sherwood. Some types of employment will have higher employment densities (e.g., a multistory office building), and some will have lower employment densities (e.g., a convenience store with a large parking lot).

- **Conversion from net-to-gross acres.** The data about employment density is in *net* acres, which does not include land for public right-of-way. Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.⁷² A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of Sherwood's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 11% for industrial and 24% for commercial and retail.

Using these assumptions, the forecasted growth of 1,719 new employees will result in the following demand for vacant (and partially vacant) employment land: 61 gross acres of industrial land, 9 gross acres of retail commercial land, and 41 gross acres of land for office and commercial services.

⁷² OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

Table 13. Demand for vacant land to accommodate employment growth, Sherwood City Limits and Tonquin Employment Area, 2018–2038

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	809	15	54	61
Retail Commercial	139	20	7	9
Office & Commercial Services	771	25	31	41
Total	1,719		92	110

Source: ECONorthwest

Note: Vacant land includes land identified in the buildable lands inventory as vacant or potentially redevelopable.

Target Industries

The characteristics of Sherwood will affect the types of businesses most likely to locate in the city. Sherwood’s attributes that may attract firms are: Sherwood’s location in the Portland region; the existing employment base; access to workers from across the Portland region; arts and cultural opportunities; high quality of life; and high quality of schools.

Sherwood’s existing businesses are concentrated in the industries defined in Table 14. The industries in **green highlight** are industries with a high location quotient (i.e., highly specialized compared to national employment in the industry), high employment (i.e., have more than 200 employees in Sherwood), and higher than average wages in Sherwood. These industries have the highest potential for growth, given existing businesses and the higher concentration of employment.

Sherwood also has opportunities for employment growth in industries without a concentration of employment or a high location quotient, such as professional services or wholesale.

Table 14. Concentration of Industries and Employment, City of Sherwood, 2016.

	High Employment	Low Employment
High Location Quotient	<ul style="list-style-type: none"> Waste Management and Remediation Services Specialty Trade Contractors Heavy and Civil Engineering Construction Machinery Manufacturing Merchant Wholesalers, Durable Goods Building Material and Garden Equipment and Supplies Dealers Amusement, Gambling, and Recreation Industries General Merchandise Stores Food and Beverage Stores Food Services and Drinking Places 	<ul style="list-style-type: none"> Construction of Buildings Real Estate Wholesale Electronic Markets and Agents and Brokers Plastics and Rubber Products Manufacturing Personal and Laundry Services
Low Location Quotient	<ul style="list-style-type: none"> Merchant Wholesalers, Nondurable Goods Miscellaneous Store Retailers Truck Transportation 	<ul style="list-style-type: none"> Professional, Scientific, and Technical Services Ambulatory Health Care Services Utilities Administrative and Support Services Nursing and Residential Care Facilities Social Assistance

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2016.

Greater Portland Inc. (GPI) identified the following regional clusters in their *Regional Trends in Greater Portland's Target Clusters* analysis in 2018:

- Growing Base Industries
 - **Computers and Electronics**, such as semiconductors, electronic communication equipment, computer peripherals, circuit boards, and other electronics.
 - **Metals and Machinery**, such as food processing machinery, medical devices, component parts for manufacturing, and other specialized machinery for manufacturing.
 - **Athletics and Outdoors**, such as design services, professional services, marketing, and some manufacturing of footwear and athletics goods.
- Emerging Industries
 - **Health Sciences Tech**, such as pharmaceutical manufacturing, chemical manufacturing, laboratory instrument manufacturing, medical equipment and supplies manufacturing, medical equipment and supplies wholesalers, engineering services, scientific research and development services, and medical and diagnostic laboratories.
 - **Clean Tech**, such as scientific and technical research and services, engineering services, architectural design, construction, instruments manufacturing, electrical equipment manufacturing, renewable energy equipment and components, architectural design, clean power generation, and waste remediation.
 - **Software and Media**, such as software development, data processing, computer systems design, and motion picture and video production.

These regional clusters from the GPI analysis align with some of the industries from the *Tonquin Employment Area Market Analysis, Business Recruitment Strategy, and Implementation Plan*. These industries are:

- Clean Tech
- Technology and Advanced Manufacturing
- Outdoor Gear and Active Wear

The potential growth industries in Sherwood will draw from existing industry concentration in the City and the Portland region, along with the City's economic development policies that align with changing or emerging industries and result in employment growth in Sherwood.

Potential Growth Industries

An analysis of growth industries in Sherwood should address two main questions: (1) Which industries are most likely to be attracted to Sherwood? and (2) Which industries best meet Sherwood's economic development goals? The selection of target industries is based on Sherwood's goals for economic development, economic conditions in Sherwood and the Portland region, and the City's competitive advantages.

Given the current employment base, which is composed of moderately sized businesses, it is reasonable to assume that much of the city's business growth will come from moderate-sized businesses and potentially larger businesses depending on future development at the TEA. This growth will either come from businesses already in Sherwood or new businesses that start or relocate to Sherwood from within the Portland region or from outside of the region.

The industries identified as having potential for growth in Sherwood are:

- **Manufacturing.** Sherwood's attributes, especially its location in the Portland region and proximity to Hillsboro, may attract manufacturing firms, such as:
 - Technology and Advanced Manufacturing, such as such as semiconductors, electronic communication equipment, computer peripherals, circuit boards,
 - Machinery Manufacturing (Metals and Machinery), food processing machinery, medical devices, component parts for manufacturing, and other specialized machinery for manufacturing.
 - Clean Tech, such as instruments manufacturing, electrical equipment manufacturing, and renewable energy equipment and components.
- **Professional and business services.** Sherwood's high quality of life, access to quality schools, existing population and business base, and proximity to the Portland region may attract professional and business services that prefer to locate in a smaller city like Sherwood, such as:
 - Software and Media, such as software development, data processing, computer systems design, and motion picture and video production.
 - Clean Tech, such as scientific and technical research and services, engineering services, architectural design, and construction engineering services.
 - Athletics and Outdoors, such as design services, professional services and marketing.
 - Other services, such as scientific research, environmental services, or other services.
- **Wholesale.** Sherwood's access to Highway 99 may make the city attractive to continued growth of wholesale businesses.
- **Services for visitors:** Growth in tourism, especially related to agriculture and wineries, will drive demand for services for visitors such as specialty retail, wine tasting rooms, restaurants, or hotels.
- **Services for residents:** Growth in population in and around Sherwood will drive growth of businesses that serve residents, such as medical services, legal services, financial services, retail, personal services (e.g., barbers), and restaurants.

Sherwood's Economic Development Policies

Note: This will be updated in the next version of the document.

Site Needs for Potential Growth Industries

OAR 660-009-0015(2) requires the EOA to “identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses.” The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), does state that “[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories.” The rule suggests, but does not require, that the city “examine existing firms in the planning area to identify the types of sites that may be needed.” For example, site types can be described by: (1) plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, Sherwood groups its future employment uses into categories based on their need for land with a particular plan designation (i.e., industrial or commercial) and by their need for sites of a particular size.

Based on the forecasts of employment growth in Table 12 and the average business size of business in Sherwood in 2016 (using analysis of Quarterly Census of Employment and Wage data), employment growth in Sherwood will require:

- **Industrial** employment will grow by 919 employees. The average site of industrial employers in Sherwood in 2016 was 10.9 employees per business. At that average size, Sherwood will need 74 industrial sites.
- **Retail Commercial** employment will grow by 139 employees. The average site of retail employers in Sherwood in 2016 was 20 employees per business. At that average size, Sherwood will need 7 retail sites.
- **Office & Commercial Services** employment will grow by 200 employees. The average site of industrial employers in Sherwood in 2016 was 6.6 employees per business. At that average size, Sherwood will need 117 office and commercial sites.

The potential growth industries described in the prior section are a mixture of business sizes, from small businesses to larger businesses. For the most part, Sherwood’s potential growth industries have need for relatively flat sites, especially for industrial or manufacturing businesses, with access to arterial roads to connect with I-5 or key employment centers in Hillsboro or Portland.

Manufacturing and other industrial businesses likely to locate in Sherwood will have a range of space needs: (1) small-scale manufacturing space in an industrial building with many other users, (2) space in a flex services building, (3) mid-sized manufacturing, potentially in a building with a few other businesses, and (4) land to for construction of a building designed for the manufacturer. Generally speaking, mid-sized and larger manufacturers locating in the Portland Region have needed buildings from about 25,000 square feet to 100,000 square feet, on sites from five to 15 acres in size. **Cite and add detail from GPI data when we receive it.**

Professional and technical service businesses have a range of space need, ranging from: (1) space in an existing building, as one of several or many firms within the building, (2) space in a building dominated by one firm, potentially with manufacturing or other industrial space in the building, (3) land to for construction of a building designed for the firm. These service firms may prefer to locate in traditional office space, such as in a downtown office building, or in more flexible use space such as that traditionally built in industrial or campus industrial areas. In the case where the business needs to build a building, they are typically seeking xxx. Fill in with info from GPI.

5. Land Sufficiency and Conclusions

This chapter presents conclusions about Sherwood’s employment land sufficiency for the 2018-2038 period. The chapter then concludes with a discussion about Sherwood’s land base and its ability to accommodate growth over the next 20 years, as well as recommendations for the City to consider, ensuring it meets its economic growth needs throughout the planning period.

Land Sufficiency

Table 15 shows commercial and industrial land sufficiency within the Sherwood City Limits and Tonquin Employment Area UGB. It shows:

- **Vacant and Potentially Redevelopable Unconstrained Land** from Table 2 for land within UGB. Table 15 shows that Sherwood has 94 gross acres of industrial land and 27 gross acres of commercial land.
- **Demand for Commercial and Industrial Land** from Table 13. Table 15 shows Sherwood will need a total of 62 gross acres for industrial uses and 54 gross acres for commercial uses over the 2018-2038 period.

Table 15 shows that Sherwood has:

- A 32-acre surplus of industrial land.
- A 27-acre deficit of commercial land.
- A 122-acre supply of future development land in the Tonquin Employment Area. This supply will likely meet needs for both industrial and commercial demand, resulting in a 127-acre surplus of employment land.

Table 15. Comparison of the Capacity of Unconstrained Vacant and Potentially Redevelopable Land with Employment Land Demand by Land Use Type, Sherwood City Limit and Tonquin Employment Area, 2018–2038

Land Use Type	Land Supply		
	(Suitable Gross Acres)	Land Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	94	62	32
Retail Commercial	7	16	(9)
Office & Commercial Services	20	38	(18)
Future Development	122	-	-
Total	243	116	127

Source: ECONorthwest

Conclusions and Recommendations

The conclusions about commercial and industrial land sufficiency are:

- **Sherwood is forecast for growth in both commercial and industrial employment sectors.** Sherwood is planning for growth of over 2,000 new jobs in the city over the 2018 to 2038 period. About 911 of the jobs will be in office and commercial services, 943 in industrial land uses, and 278 in retail. Growth of these jobs will result in demand for about 54 gross acres of commercial land and 62 gross acres of industrial land.
- **Sherwood has enough employment land to accommodate growth.** Table 15 shows Sherwood has enough land for employment growth over the next 20 years, accounting for the 122 acres of future development at the Tonquin Employment Area, which will provide both industrial and a limited amount of commercial employment.
- **Sherwood's wages are below average for the Portland Region and for the nearby cities of Tigard and Tualatin.** The primary reason for lower wages at jobs in Sherwood is the mix of jobs in Sherwood, with Retail and Accommodations and Food Services having the largest number of employees in Sherwood but wages below the city average. Sherwood's target industries generally have above average wages, except for some types of services for visitors and residents of Sherwood, such as Retail and Accommodations and Food Services.
- **Most new businesses will be relatively small and will require small and mid-sized sites.** Sherwood's businesses are generally small, averaging 9 employees per business. Businesses with 50 or fewer employees account for roughly 57% of private employment in Sherwood. Businesses with 9 or fewer employees account for 20% of private employment and 4 or fewer account for 10% of private employment. Growth of small businesses presents key opportunities for economic growth in Sherwood. Sherwood has about 69 sites smaller than five acres. Some of these sites may subdivide into smaller sites.
- **Sherwood will need to manage its industrial land base to ensure that there are sufficient small and mid-sized sites available for development.** Within the context of the site needs discussed at the end of Chapter 4, Sherwood will need to manage its industrial land base, including Tonquin Employment Area, to ensure that there are sufficient opportunities for small and mid-sized businesses, either through subdivision of larger sites (e.g., sites of ten acres and larger) industrial sites or through the development of some larger sites for many small businesses in one or more shared building.
- **Sherwood has a 27-acre deficit of land for commercial and retail uses.** Some of this land deficit may be accommodated in the Tonquin Employment Area, which is expected to accommodate about 380 commercial employees and which would address 15 to 19 acres of this deficit. The City will need to identify opportunities address the remaining deficit, through policies that encourage infill or redevelopment of existing commercial land or through redesignating land to commercial uses.

- **Sherwood will need to address key infrastructure needs in the City and in the development of the Tonquin Employment Area.** Transportation issues currently present barriers to business locating or expanding in Sherwood due to congestion and limited access to the major road networks. Additionally, the implementation of infrastructure development of the Tonquin Employment Area needs to be addressed to retain and attract the businesses and targeted industries in Sherwood's economic development policies.
- **Sherwood will need flexibility in its development code to provide opportunities for growing and developing businesses that both provide services and are related to manufacturing businesses.** The line between commercial businesses (i.e., businesses that locate in an office space in downtown) and industrial businesses is blurring. Many of the types of business with growth potential in Sherwood have characteristics (and site needs) of both office businesses and industrial businesses, such as scientific and technical and engineering services for Clean Tech or design services for Athletics and Outdoors. Businesses in these industries are produce traded sector goods. They may prefer not to locate in traditional downtown office space but their activities are not consistent with the traditional manufacturing activities allowed in industrial areas.

Following are ECONorthwest's recommendations to Sherwood based on the analysis and conclusions in this report.

- **Update the Economy Element of the Comprehensive Plan.** The Economy Element has not been updated in more than a decade. We recommend that the Planning Commission and City Council review the revised policies in the Sherwood Economic Development Strategy and, after making additional necessary revisions to the policies, adopt the revised goals, objectives, and implementation strategies into the Economy Element.
- **Align the City's goals for economic development with planning for infrastructure development.** Aside from ensuring that there is sufficient land to support employment growth, one of the most important ways that the City can support economic development is through planning for and developing infrastructure (e.g., roads, water, sanitary sewer, and storm water systems). We recommend that the City align its goals for economic development with infrastructure development through updates to the City's Capital Improvements Plan.

Providing infrastructure in the TEA is necessary to allow employment growth to occur in the TEA. Without infrastructure, much of the TEA will remain undeveloped.

- **Identify opportunities to support existing businesses in Sherwood.** Retention and expansion of existing businesses is one of Sherwood's key opportunities for economic growth. The City can support businesses by understanding businesses' opportunities for growth and expansion and lowering or eliminating the barriers in Sherwood that limit growth and expansion. Some barriers are beyond control of the City, such as access to capital.

- **Work with partners to develop a broad economic development strategy for Sherwood.**

The revisions to the Comprehensive Plan presented in the Sherwood Economic Development Strategy focus on land-based policies and actions. The city also needs a broader strategy for economic development that focuses on issues such as communication with existing businesses to identify barriers to expansion, economic development marketing of Sherwood's businesses and business opportunities, building business and other partnerships, and coordinating economic development efforts with local and regional economic development organizations.

This strategy could be developed through leadership from the city leadership and city staff, with one or more staff person responsible for developing and implementing policies to encourage economic growth. The strategy should identify a focused list of actions that the City Council wants to achieve over a limited time period (e.g., 5 years), with specific assignments to partners and identification of funding sources to implement the actions.

- **Support infill and redevelopment of existing commercial and industrial land.** The buildable lands inventory identifies areas where infill and redevelopment is more probable over the 20-year planning period. Other opportunities for redevelopment may become apparent in the future. We recommend that the city support and encourage infill and redevelopment to make the most efficient use of employment land in Sherwood. The types of tools that the city offers in support of infill and redevelopment should be consistent with the city's development goals. In areas where the city wants to encourage higher intensity development, such as Old Town, the city should offer more support for redevelopment, such as financial and regulatory redevelopment incentives.

Note: the next version of the report will include more discussions about recommendations, consistent with the discussions about economic development policy that will be coming up.

Appendix A. Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the Sherwood City Limits and Tonquin Employment Area. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the City of Sherwood. The results are based on additional analyses of Metro's 2018 BLI completed by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory. This chapter includes tabular summaries, maps, and narrative descriptions.

Methodology

The general structure of the buildable land (supply) analysis is based on the methods used for Metro's buildable lands inventory included with the 2018 Urban Growth Report, Appendix 2.⁷³ ECONorthwest used GIS data with the Metro BLI as a starting point for determining buildable employment land in Sherwood. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. The steps in the inventory were:

- Generate employment "land base." This involved "clipping" the tax lots in the Sherwood City Limits and Tonquin Employment Area that were designated as employment lands in the Metro BLI⁷⁴ and intersecting them with the comprehensive plan layer. The GIS function was followed by a quality assurance step to review the output and validate that the resulting dataset accurately represents all lands designated for employment use in the Sherwood City Limits and Tonquin Employment Area.
- Classify lands. Each tax lot was classified into one of the following categories, using Metro's classification system as a starting point and reviewed by City staff:
 - Vacant land
 - Potentially redevelopable land⁷⁵

⁷³ Appendix 2 Buildable Lands Inventory, 2018 Urban Growth Report (Discussion draft). Metro. June 2018. https://www.oregonmetro.gov/sites/default/files/2018/07/03/UGR_Appendix2_Buildable_Lands_Inventory.pdf

⁷⁴ Metro defined employment land by zone as "ZONE_GEN in ('COM','IND','MUR')."

⁷⁵ Metro used a "strike-price method" to determine redevelopment potential for each taxlot. A full description of the method is available in the 2018 Urban Growth Report: https://www.oregonmetro.gov/sites/default/files/2018/07/03/UGR_Appendix2_Buildable_Lands_Inventory.pdf.

ECONorthwest used the acres from the result of this method ("net_emp_acres_stike_price" field in the GIS data) to determine the potentially redevelopable acres, and subtracted the constrained acres, since Metro did not factor in constraints in the strike price method, to determine buildable acres.

- Developed or exempt land
- Identify constraints. The City identifies areas in steep slopes (over 25%), landslide hazard areas, wetlands, public facilities, floodways, Title 3 stream and floodplain protection areas, and Title 13 riparian corridors and upland habitats. These areas are deducted from lands that were identified as vacant or potentially redevelopable. To estimate the constrained area within each tax lot, all constraints listed above were merged into a single constraint file, which was overlaid on tax lots.⁷⁶
- Evaluate redevelopment potential. According to statewide planning rules, redevelopable land is land on which development has already occurred, but on which, due to present or expected market forces, there is potential that existing development will be converted to more intensive uses during the planning period. Lands determined to be redevelopable have been categorized as “potentially redevelopable” for the purpose of this analysis.⁷⁵
- Tabulation and mapping. The results are presented in tabular and map formats with accompanying narratives. The maps include lands by classification and maps of vacant and partially vacant lands with constraints.

Definitions

Metro developed the buildable lands inventory with a tax lot database from RLIS. The tax lot database is current as of March 2018. The inventory builds from the database to estimate buildable land by plan designation. A key step in the buildable lands inventory was to classify each tax lot into a set of mutually exclusive categories. Metro classified all tax lots in Sherwood into one of the following categories:

- *Vacant land.*⁷⁷ Any tax lot that is “fully vacant (Metro aerial photo)”; or “with less than 2,000 sq. ft. developed AND developed part is under 10% of entire tax lot”; or that is “95% or more ‘vacant’ from the GIS vacant land inventory.”
- *Potentially redevelopable land.*⁷⁸ For taxlots that were not classified vacant or exempt, Metro included all other employment land taxlots in the strike-price model. Taxlots with a value greater than zero in the “net_emp_acres_strike_price” field in the Metro BLI GIS layer were considered to have redevelopment potential. The value in that field for each tax lot is the number of acres that is potentially redevelopable, not including constrained

⁷⁶ Note that some taxlots that were designated as potentially redevelopable in the Metro BLI (which again, did not factor in constrained land) resulted in a negative buildable acres calculation when factoring in constraints. This is due to the taxlot-level analysis and that some constraints may not overlay the potentially redevelopable taxlot area. The buildable acreage for these taxlots was adjusted to zero, so as to not subtract from the total buildable area result.

⁷⁷ Appendix 2 Buildable Lands Inventory, 2018 Urban Growth Report (Discussion draft). Metro. June 2018. p. 20. https://www.oregonmetro.gov/sites/default/files/2018/07/03/UGR_Appendix2_Buildable_Lands_Inventory.pdf.

⁷⁸ Appendix 2 Buildable Lands Inventory, 2018 Urban Growth Report (Discussion draft). Metro. June 2018. https://www.oregonmetro.gov/sites/default/files/2018/07/03/UGR_Appendix2_Buildable_Lands_Inventory.pdf

acres. Tax lots with a “net_emp_acres_strike_price” value of zero were considered developed.

- *Developed land.*⁷⁹ Tax lots with a “net_emp_acres_strike_price” value of zero were considered developed.
- *Exempt land.*⁸⁰ Land that is classified as either, “tax exempt with property codes for city, state, federal and Native American designations; schools; churches and social organizations; private streets; rail properties; tax lots under 1,000 sq. ft. (0.023 gross acres); parks, open spaces and where possible private residential common areas.” Metro used GIS data and Assessor’s data to determine the status of exempt land. ECONorthwest included all tax lots classified as exempt land in the developed land tabular and mapping information, but these tax lots can still be distinguished in the GIS data layer.

ECONorthwest initially classified land using Metro’s categories and generated maps for City staff to review. City staff had previously reviewed Metro’s analysis for Sherwood, but there were a few updates to tax lots that had redeveloped since that review. ECONorthwest adjusted the classification accordingly and noted manual changes in the GIS data layer.

Development constraints

The physical constraints used in the Sherwood buildable lands inventory include: areas subject to landslides, areas with slopes greater than 25%, lands within the 100-year flood plain, Metro’s Title 3 land (including Water Resource Conservation Areas), lands within Metro’s Title 13 Habitat Conservation Areas (Class I and II, A and B), Wetlands, and public facilities.

Land base

Table 16 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment). ECONorthwest used this land base in the buildable lands analysis for Sherwood. The land base includes traditional employment designations with Sherwood’s city limits—Commercial and Industrial—along with land designated for future development in the Tonquin Employment Area as of May 2018. According to Metro RLIS data, within Sherwood’s city limits there are about 171 acres in 134 tax lots with a commercial plan designation, and about 478 acres in 115 tax lots with an industrial plan designation. The Tonquin Employment Area is located on the eastern edge of Sherwood’s city limits and is in the Metro UGB. It has about 282 acres in 24 tax lots.

⁷⁹ Appendix 2 Buildable Lands Inventory, 2018 Urban Growth Report (Discussion draft). Metro. June 2018. https://www.oregonmetro.gov/sites/default/files/2018/07/03/UGR_Appendix2_Buildable_Lands_Inventory.pdf

⁸⁰ Appendix 2 Buildable Lands Inventory, 2018 Urban Growth Report (Discussion draft). Metro. June 2018. pp. 20-21. https://www.oregonmetro.gov/sites/default/files/2018/07/03/UGR_Appendix2_Buildable_Lands_Inventory.pdf.

Table 16. Acres in Sherwood City Limit and Tonquin Employment Area, 2018

Plan Designation/Area	Tax Lots	Total Acres
Commercial	134	171
Industrial	115	478
Tonquin	24	282
Total	273	931

Source: Metro RLIS, 2018 BLI, & ECONorthwest analysis.

The next step in the inventory was to classify lands into mutually-exclusive categories that relate to their development status. The categories include:

- Vacant land
- Potentially redevelopable land
- Developed land
- Except land

ECONorthwest used the rules described in the prior section to perform a preliminary classification, based on Metro’s previous analysis. The next step was to show the results in map form for City staff to review and suggest changes. ECONorthwest completed the manual classification changes, as noted in the GIS data layer.

Table 17 shows commercial and industrial land in Sherwood by classification (development status). The results show that Sherwood has 931 total acres in commercial and industrial plan designations. Of the 931 acres in the UGB, about 407 acres (44%) are in classifications with no development capacity, and of the remaining 527 acres, 282 acres (30%) are constrained and 242 acres (26%) have development capacity.

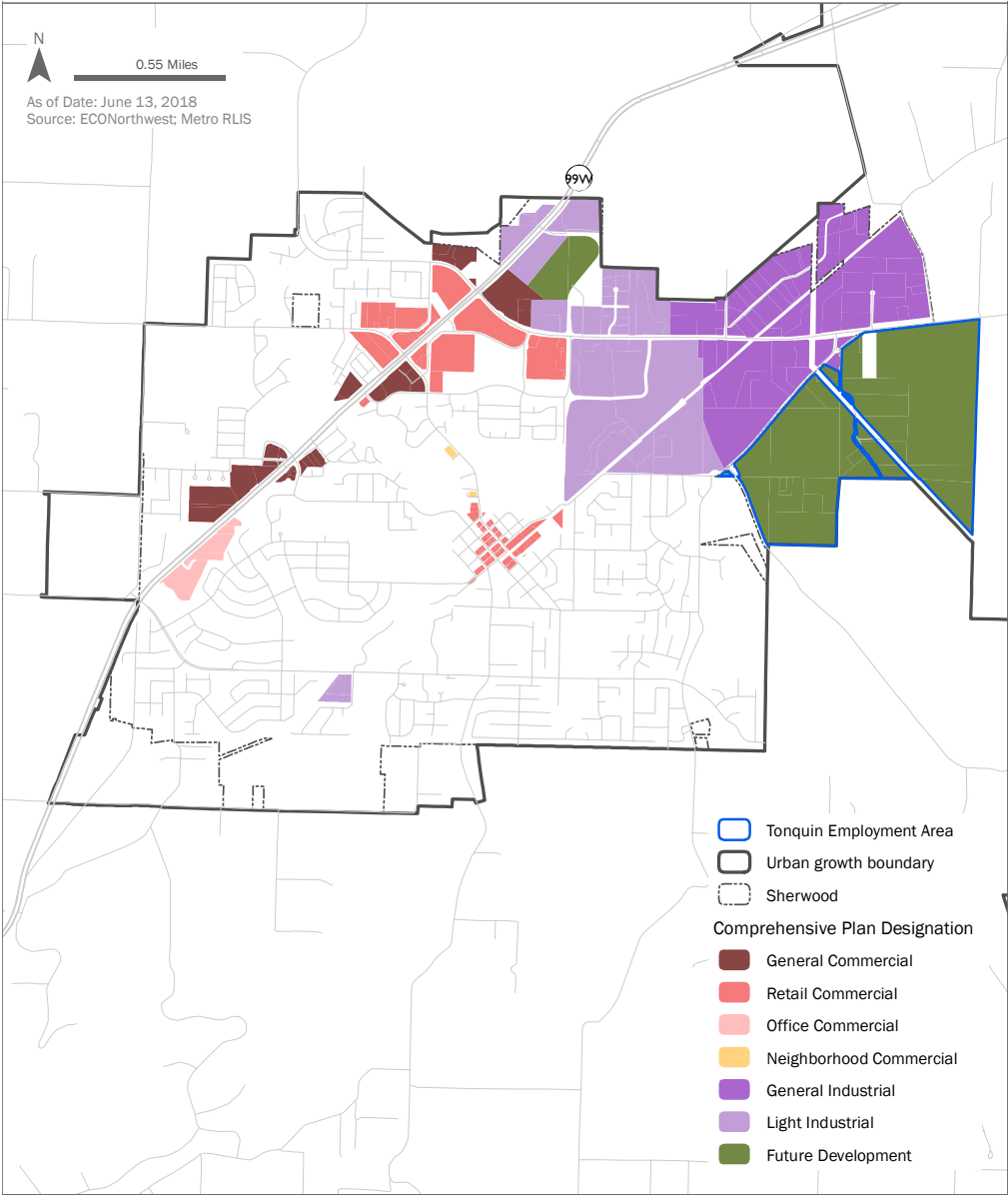
Table 17. Employment acres by classification and plan designation, Sherwood City Limits and Tonquin Employment Area, 2018

Plan Designation	Tax Lots	Total Acres	Acres with No		Total Unconstrained Buildable Acres
			Development Capacity	Constrained Acres	
Commercial	134	171	134	10	27
General Commercial	31	62	42	5	15
Neighborhood Commercial	2	1	1	0	0
Office Commercial	11	16	6	5	5
Retail Commercial	90	92	85	0	7
Industrial	115	478	257	128	94
General Industrial	66	238	153	29	56
Light Industrial	49	240	104	99	38
Tonquin	24	282	16	144	122
Future Development	24	282	16	144	122
Total	273	931	407	282	242
Percent of Total		100%	44%	30%	26%

Source: Metro RLIS, 2018 BLI, & ECONorthwest analysis.

Map 2 shows commercial and industrial land in Sherwood by plan designation.

Map 2. Map of employment land by classification, Sherwood City Limits and Tonquin Employment Area, 2018



Vacant buildable land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints (5 tax lots within the UGB east of I-5 have no access to infrastructure such as water and sewer), (3) areas with physical constraints (areas with wetlands, floodways, riparian setback areas and steep slopes).

Table 18 shows unconstrained buildable acres for vacant and potentially redevelopable land by plan designation. The results show that Sherwood has about 242 net buildable acres in commercial and industrial plan designations. Of this, 11% (27 acres) is in the commercial designations, 39% (94 acres) is in industrial designations, and 50% (122 acres) is designated as future development in the Tonquin Employment Area.

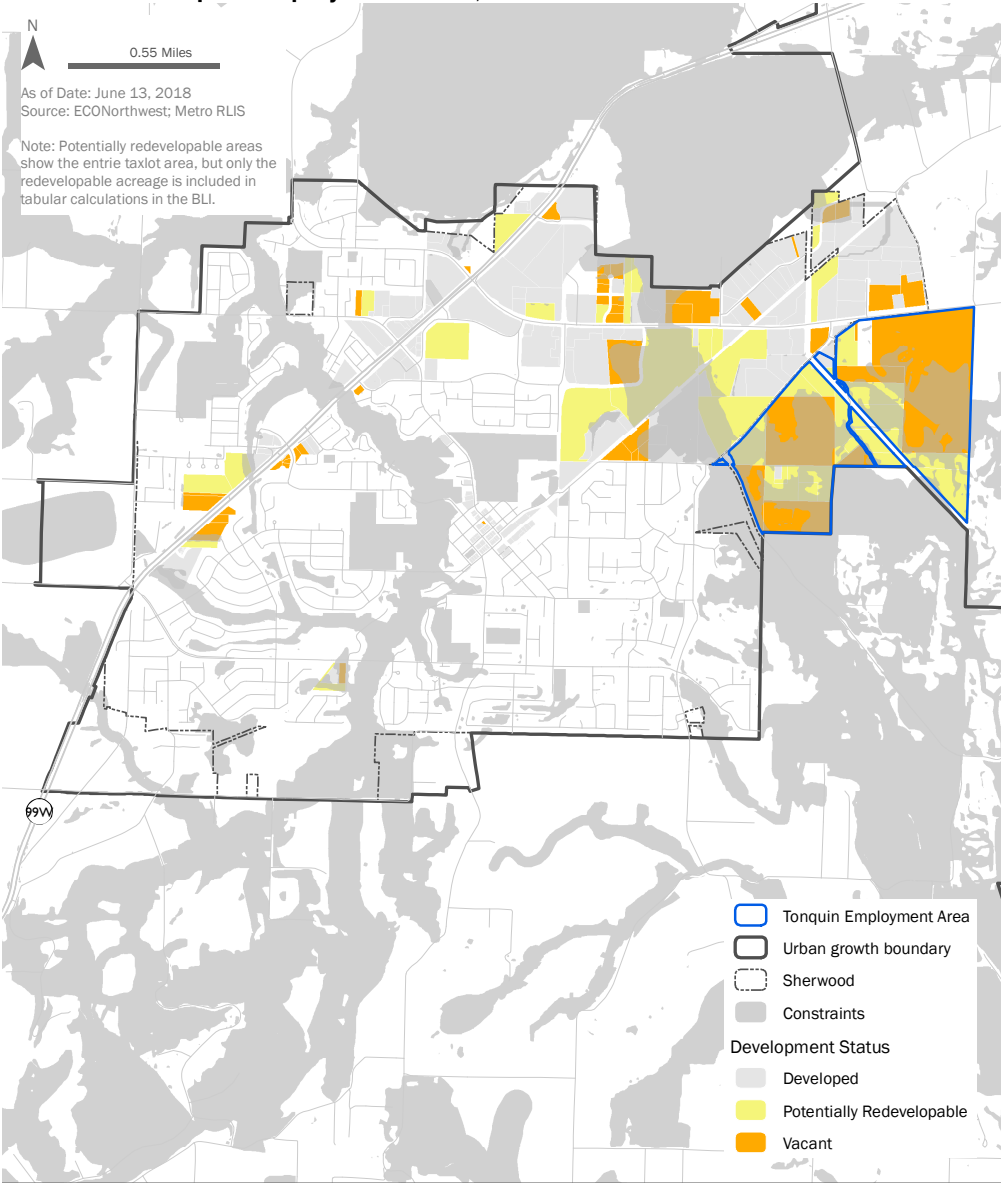
Table 18. Employment land with unconstrained development capacity (Vacant, Potentially Redevelopable) by plan designation, Sherwood City Limits and Tonquin Employment Area, 2018

Plan Designation	Unconstrained Vacant Acres	Unconstrained Potentially Redevelopable Acres	Total Unconstrained Buildable Acres
Commercial	14	13	27
General Commercial	8	7	15
Office Commercial	4	1	5
Retail Commercial	2	5	7
Industrial	45	49	94
General Industrial	27	29	56
Light Industrial	17	20	38
Tonquin	82	39	122
Future Development	82	39	122
Total	141	101	242
Percent of Total	58%	42%	100%

Source: Metro RLIS, 2018 BLI, & ECONorthwest analysis.

Map 3 shows commercial and industrial land in Sherwood by development status with development constraints.

Map 3. Map of employment land by classification with development constraints, Sherwood City Limits and Tonquin Employment Area, 2018



Source: Metro RLIS, 2018 BLI, & ECONorthwest analysis.

Table 19 shows the size of lots by plan designations for buildable employment land. Sherwood has 49 lots that are smaller than 2 acres (with 35 acres of land). Sherwood has 29 lots between 2 and 10 acres (126 acres of land), and 3 lots between 10 and 60 acres in size (81 acres of land).

Table 19. Lot size by plan designation, buildable acres, Sherwood City Limits and Tonquin Employment Area, 2018

Plan Designation	Buildable Acres in Tax Lot (vacant, potentially redevelopable)				
	<1	1 - 1.99	2 - 4.99	5 - 9.99	10 - 59.99
Acres					
Commercial	6	6	10	5	0
General Commercial	4	2	4	5	0
Neighborhood Commercial	0	0	0	0	0
Office Commercial	2	1	3	0	0
Retail Commercial	1	3	3	0	0
Industrial	7	7	35	19	25
General Industrial	1	3	21	19	12
Light Industrial	6	4	14	0	13
Tonquin	2	6	24	34	56
Future Development	2	6	24	34	56
Subtotal	16	19	68	58	81
Taxlots					
Commercial	12	4	3	1	0
General Commercial	8	1	1	1	0
Neighborhood Commercial	0	0	0	0	0
Office Commercial	2	1	1	0	0
Retail Commercial	2	2	1	0	0
Industrial	18	5	11	3	2
General Industrial	4	2	6	3	1
Light Industrial	14	3	5	0	1
Tonquin	6	4	6	5	1
Future Development	6	4	6	5	1
Subtotal	36	13	20	9	3

Source: Metro RLIS, 2018 BLI, & ECONorthwest analysis.

The data in Table 19 suggest that Sherwood, within the city limits, has no large sites in commercial plan designations. Sherwood does, however, have industrial sites larger than 10 acres, which is a total of 25 acres. In addition, the Tonquin Employment Area has 5 sites between 5 and 10 acres and 1 site larger than 10 acres.



DATE: August 20, 2018
TO: Technical Advisory Committee (TAC) and Citizen Advisory Committee (CAC)
CC: Carrie Brennecke
FROM: Beth Goodman
SUBJECT: SHERWOOD ECONOMIC DEVELOPMENT STRATEGY

The City of Sherwood contracted ECONorthwest to develop an economic opportunities analysis (EOA). The EOA will determine whether the City has enough land to accommodate 20-years of employment growth. The EOA provides the basis for an update to the City’s Comprehensive Plan Economic Element, as well as development of an action plan to implement the Economic policies.

This memorandum presents a draft of Sherwood’s Economic Development Strategy. The Policies and Objectives consider the existing policies in existing Comprehensive Plan, reflect the information in Sherwood’s EOA, and will be updated based on feedback from the TAC and CAC at meetings on August 29.

In addition, draft actions have been added for some Objectives, based on discussions between ECONorthwest and City staff. These actions will also reviewed and revised through discussion with the TAC and CAC, as well as addition of more actions.

Appendix A presents the City’s existing Comprehensive Plan policies. Appendix B presents potential economic development actions that cities take to increase economic activities. The purpose of the appendix is to provide information and ideas to Sherwood staff and stakeholders for development of economic development objectives and actions.

Economic Development Vision

The following is Sherwood’s draft Vision for economic development.

In 2040, the Sherwood economy has grown to include a variety of businesses big and small that offer stable employment opportunities, family-wage jobs and expand the tax base. Sherwood is a gateway to wine country and capitalizes on a robust tourism industry.

Note to reviewers: The vision above is a portion of the City’s draft vision, resulting from the Sherwood Vision Summit #1 on July 30th. The vision will be revised with continued discussion of the City’s vision.

The red underlined text represents ECONorthwest’s suggested addition to the vision, consistent with the City Council’s goal to balance the City’s tax base.

Through the discussion of economic development policies at the August meetings, the TAC and CAC may contribute ideas to the Vision but the discussions at the meetings will not focus on revising the Economic Development Vision.

Economic Development Policies and Actions

Policy 1: Land Availability and Management: The City will plan for a 20-year supply of suitable commercial and industrial land on sites with a variety of characteristics (e.g., site sizes, locations, visibility, and other characteristics) and manage the supply of employment land to make most efficient use of commercial and industrial land.

Objective 1.1: Provide for an adequate supply of commercial and industrial land to accommodate the types and amount of economic development and growth anticipated in the future, as described in the City’s most recent Economic Opportunities Analysis. The supply of commercial and industrial land should provide a range of site sizes and locations to accommodate the market needs of a variety of commercial and industrial employment uses.

Objective 1.2: Provide for an adequate short-term supply of suitable commercial and industrial land to respond to economic development opportunities as they arise.

“Short-term supply” means suitable land that is ready for construction usually within one year of an application for a building permit or request for service extension. “

Objective 1.3: Support and encourage infill and redevelopment, especially in existing commercial areas, as a way to use land and existing infrastructure more efficiently. The City will develop and implement policies and programs to encourage commercial and mixed-use development in downtown.

Action 1.3a: The City will update and implement policies and programs for infill and redevelopment in Old Town that fit with the character of Old Town, such as small-scale and locally owned businesses in mixed use buildings, as described in the Sherwood Town Center Plan.

Action 1.3b: The City will develop and implement policies and programs for infill and redevelopment in its existing commercial areas, focusing on the Langer Drive Commercial District and the Central Neighborhoods, as described in the Sherwood Town Center Plan.

Objective 1.4: Provide flexibility in Sherwood’s development code to support commercial and industrial development with the Target Industries identified in the EOA, most of which will need space in an existing building, a site smaller than five acres, or a site between five and 15 acres in size.

Action 1.4a: Identify sites 50 acres and larger in Sherwood for future industrial development and work with landowners to determine whether a master plan should be developed to allow the parcel(s) to be developed for more than one use, consistent with Metro’s Title 4 section 3.07.430(d)(2).

Objective 1.5: Develop criteria to identify industrial or commercial areas that are more appropriate for other uses (e.g., industrial land redesignated for commercial

uses) based on their site characteristics (e.g., location, size, configuration, or transportation access).

Action 1.5a: Evaluate and develop criteria to guide up-zoning (or redesignating) industrial or commercial land for more appropriate uses.

Action 1.5b: Identify areas to up-zone (or redesignate), based on the criteria in Action 1.5a.

Policy 2: Infrastructure Support: Provide adequate infrastructure efficiently and fairly to support employment growth, with a focus on the Tonquin Employment Area.

Objective 2.1: The City will coordinate capital improvement planning to ensure infrastructure availability on employment land and continue to pursue funding for needed infrastructure to support economic development activities.

Objective 2.2: The City will develop infrastructure across the city to support employment growth, ensuring availability of water and wastewater service and improving transportation access to the broader Portland Region.

Action 2.2a: Plan improvements to Tualatin Sherwood Road to address traffic issues.

Objective 2.3: The City will develop infrastructure in the Tonquin Employment Area to support employment growth, consistent with the recommendations in the *Tonquin Employment Area Market Analysis, Business Recruitment Strategy, and Implementation Plan* report (June 5, 2015).

Action 2.3a: Support and encourage development of a Master Plan for the Tonquin Employment Area to implement the *Implementation Plan*, working with landowners, interested developers, and other stakeholders.

Action 2.3b: Incorporate plans for the infrastructure upgrades in Phase 1 of the *Implementation Plan* for areas C, E, and G into the City's Capital Improvement Plan, prioritizing infrastructure development that will make the most land developable at the lowest costs and in the fastest time period.

Action 2.3c: Evaluate and adopt funding strategies to support infrastructure development in the Tonquin Employment Area. The *Implementation Plan* recommends considering funding options such as: use of System Development Charge funds, Urban Renewal/Tax Increment Financing, establishing a Local Improvement District (LID), and seeking regional and statewide grants.

Objective 2.4: Seek funding to support infrastructure development in the Tonquin Employment Area and in other areas of Sherwood through grants and other programs to support infrastructure development. The *Tonquin Employment Area Market Analysis, Business*

Recruitment Strategy, and Implementation Plan report identifies a range on grants and other programs that support infrastructure development from Washington County, Metro, and the State of Oregon.

Action 2.4a: Identify projects that are likely to be awarded grants for infrastructure development, such as areas that would support substantial employment development and could be made development ready with specific, achievable infrastructure investments.

Action 2.4b: Identify grant funding opportunities for the areas in Action 2.4a and work with funding partners to develop grant requests.

Policy 3: Existing Business Retention, New Business Development, and Attraction of New Businesses: The City will support retention and expansion of existing businesses, growth of entrepreneurial business, and attraction of new businesses that align with Sherwood's revised Comprehensive Plan goals. The types of businesses the City wants to attract most are non-polluting businesses with wages at or above the Washington County average, such as the industries identified in the Economic Opportunities Analysis.¹

Objective 3.1: Support business growth in Sherwood to diversify and expand commercial and industrial development in order to provide employment opportunities, and expand the tax base.

Action 3.1a: Consider hiring a staff person charged with directing economic development activities in Sherwood, with the goal of working directly with existing business and entrepreneurs in Sherwood to grow and expand business and with businesses considering locating in Sherwood.

Action 3.1b: Work with local stakeholders and businesses to establish an Economic Development Committee, possibly lead by the economic development staff person in Action 3.1a.

Action 3.1c: Develop a 5-year broader Economic Development Strategy using data on local and regional economic trends gathered through the Economic Opportunity Analysis, from policies and objectives established for the Comprehensive Plan (this document) and with feedback and input from stakeholders, such as the Economic Development Committee, business owners and managers in Sherwood, people involved in economic development in Sherwood and the Portland Region, and residents of Sherwood. The purpose of

¹ The Economic Opportunities Analysis identifies the following potential growth industries for Sherwood: Technology and Advanced Manufacturing, Machinery Manufacturing, Clean Tech, Outdoor Gear and Active Wear, Professional and Business Services, Wholesale, Services for Visitors, and Services for Residents.

the Strategy is to develop detailed actions to support economic development in Sherwood, going beyond the issues identified in this memorandum.

Objective 3.2: Retain and encourage growth of existing businesses in Sherwood.

Action 3.2a: Working with the Economic Development Committee (3.1b), reach out to businesses in Sherwood and identify problems and barriers to economic development. Addressing these issues could be part of the actions taken in the Economic Development Strategy (3.1c).

Action 3.2b: Revise land use and other City policies to address local barriers to economic development for existing businesses, where appropriate.

Action 3.2c: Refine existing processes to assist businesses with complying with city regulations. In addition to existing pre-application conferences staff will work to establish a user's guide for development and to develop an expedited land use application process for commercial and industrial developments.

Action 3.2d: Review the City's system development charges (SDCs) to determine if there are opportunities for revisions to SDCs to encourage existing business growth and retention. .

Objective 3.3: Support growth, development, and retention of small, entrepreneurial businesses in Sherwood.

Action 3.3a: Identify opportunities to support growth of small businesses, such as business incubators or buildings with flexible space for small businesses.

Action 3.3b: Support and encourage home-based businesses and identify barriers in the City's policies to growth of home-based businesses.

Action 3.3c: I'll get more actions in for this a bit later.

Objective 3.4: Attract businesses, such as businesses in industries identified as Potential Growth Industries in Sherwood's Economic Opportunities Analysis, to develop in Sherwood, in areas such as the Tonquin Employment Area.

Action 3.4a: Coordinate economic development efforts with local and regional economic development organizations, such as the Sherwood Chamber of Commerce, Sherwood Main Street, Westside Economic Alliance, and Greater Portland Inc..

Action 3.4b: Evaluate development of incentives to attract businesses to Sherwood, such as an Enterprise Zone (tax abatement), low-interest loans, fee waivers, and other incentives.

Objective 3.5: Support growth of tourism and tourism-related businesses.

Note to reviewers: This is an objective we should discuss more. Tourism has long been thought of as a driver of economic development in Sherwood. While Sherwood's employment data (shown in the EOA) shows that the City does have comparatively large amounts of employment in tourism-related industries (most notably Retail and Accommodations and Food Services), these industries have much lower-than-average pay. The City should consider whether this continues to be a desirable economic development strategy and what resources the City will put into implementing this strategy.

Appendix A: Existing Comprehensive Plan Policies

This appendix presents the Sherwood Economic Development policies from the City's Comprehensive Plan.

Economic Development Vision

In 2006, the Sherwood Urban Renewal Policy Advisory Committee (SURPAC) led an update to the City's Economic Opportunities Analysis, a part of a greater Economic Development Strategy (EDS). During this process, a vision for economic development in Sherwood was developed:

The City of Sherwood will drive economic development and support businesses that provide jobs for our residents by building on our assets and developing the necessary infrastructure to retain existing businesses and support new businesses. Economic development also will be supported by maintaining our livability and character as a clean, healthy, and vibrant suburban community where one can work, play, live, shop and do business.

Economic Development Policies and Strategies

Policy 1: The City will coordinate on-going economic development planning with involved public and private agencies at the state, regional, county and local level.

Strategy:

- The City will cooperate with the Washington County OEDP Committee through the exchange of data and the development and implementation of a County Economic Development Plan.
- The City will develop and update an economic database through a two-way sharing of information between public and private agencies involved in economic planning.

Policy 2: The City will encourage economic growth that is consistent with the management and use of its environmental resources.

Strategy:

- The City will adopt and implement environmental quality performance and design standards for all industrial, commercial and institutional uses.
- The City will seek to attract non-polluting industries to the urban area.
- The City will acquire and preserve the Cedar Creek and Rock Creek greenways and provide bikeway and pedestrian linkages between residential and non-residential areas.

Policy 3: The City will direct public expenditures toward the realization of community development goals by assuring the adequacy of community services and facilities for existing and future economic development.

Strategy:

- The City will develop and implement a 5-year capital improvements program and budgeting system for land acquisition and capital facilities development consistent with the Comprehensive Plan.
- The City will coordinate planning with special districts providing services to the urban area to assure the adequacy of those services to support economic development.
- The City will continue to develop plans and improvement programs for parks, libraries and other “soft” services, recognizing that adequate facilities in these areas are an important component in business attraction and retention.

Policy 4: The City will seek to improve regional access to the urban area as a means to encourage local economic development.

Strategy:

- The City will work with the cities of Tualatin, Tigard, and Wilsonville, MSD, and Tri-Met to improve local access to the Planning Area via Highway 99W and I-5. See transit policies in Chapter 6.
- The City will encourage the maximum use of the railroad corridor, encourage the development of spur service lines where needed and evaluate the feasibility of passenger service.

Policy 5: The City will seek to diversify and expand commercial and industrial development in order to provide nearby job opportunities, and expand the tax base.

Strategy:

- The City will encourage the revitalization of the Old Town Commercial area by implementation of 1983’s “Old Town Revitalization Plan” and the Old Town Overlay Zone.
- The City will encourage the development of light industrial and office parks.
- The City will seek to attract industries that are labor and capital intensive.
- The City will seek to attract “target” industries which will expand industrial sectors inadequately represented in the urban area in order to diversify and stabilize the local economy.

Policy 6: The City will seek funding through EDA or HUD for the rehabilitation of the Old Town and Washington Hill neighborhoods.

Strategy:

- The City will seek implementation of new and rehabilitated housing goals set in the Regional Housing Opportunity Plan.

- The City will encourage the provision of affordable housing by designating areas within the City for medium density and high density developments, and by participating in State and Federal housing subsidy programs.

In addition to the policies and strategies developed by the Community with the 1990 Comprehensive Plan, the Economic Development Strategy (EDS) developed in 2006 includes the following policies and strategies (referred to as goals and objectives in the EDS).

Policy 1: Support existing businesses and recruit additional businesses that provide local family-wage jobs. Replace any employment land rezoned for other uses with other employment land.

Strategy 1.1: Capture existing workers in Sherwood who now work elsewhere.

Strategy 1.2: Provide locations and support for local jobs for local residents.

Strategy 1.3: Support and build upon manufacturing and other industries likely to produce family-wage jobs.

Policy 2: Support tourism as an economic engine.

Strategy 2.1: Promote the cultural arts and historical attractions as tourism generators.

Strategy 2.3: Continue to promote sporting events (i.e., Sports Town USA) as a tourism engine for Sherwood.

Strategy 2.4: Leverage the presence of the Tualatin River National Wildlife Refuge, and its anticipated 50 to 60 visitors per day, to increase tourism in Sherwood.

Strategy 2.4: Promote Sherwood as the “Gateway to the Oregon wine country.”

Strategy 2.5: Address the lack of hotels or other bed and breakfast lodging within the city limits to increase Sherwood’s tourism potential.

Policy 3: Develop the infrastructure and services necessary to support economic development in Sherwood.

Strategy 3.1: Identify and protect strategic industrial and other employment sites.

Strategy 3.2: Prioritize infrastructure improvement projects according to their anticipated economic benefit.

Strategy 3.3: Calculate the employment land mix necessary to help the city be self-sustaining in terms of the provision of adequate utilities and services.

Strategy 3.4: Encourage the growth of a variety of restaurants and retail establishments that would cater to business people.

Strategy 3.5: Improve transportation access to support tourism and other economic development strategies.

Policy 4: Develop a local workforce of residents whose skills are compatible with the needs of local businesses.

Strategy 4. 1: Identify the workforce needs of local employers.

Strategy 4.2: Provide workforce training for Sherwood residents.

Commercial Planning Designations

General Objectives

1. To provide for commercial activities which are suitable to regional, community and neighborhood demand.
2. To locate commercial activities with safe and convenient access by consumers.
3. To encourage the location of commercial uses in well-planned commercial centers.
4. To provide an adequate amount of serviceable commercial land that meets market demand.

Policies and Strategies

In order to address the above general objectives the following policies are established.

Policy 1. Commercial activities will be located so as to most conveniently service customers.

Strategy:

- Community wide and neighborhood scale commercial centers will be established.
- Commercial centers will be located so that they are easily accessible on major roadways by pedestrians, auto and mass transit.
- Neighborhood commercial centers will be designated in or near residential areas upon application when need and compatibility to the neighborhood can be shown.

Policy 2. Commercial uses will be developed so as to complement rather than detract from adjoining uses.

Strategy:

- Commercial developments will be subject to special site and architectural design requirements.
- The number and locations of commercial use access will be limited along major streets in accordance with the City's Transportation Plan.

- Non-Retail and primarily wholesale commercial uses will be separated from retail uses where possible.
- The older downtown commercial area will be preserved as a business district and unique shopping area.
- A buffer between commercial uses and adjoining greenways, wetlands, and natural areas shall be established.

Policy 3. Highway 99W is an appropriate location for commercial development at the highway's intersections with City arterial and major collector roadways.

Policy 4. The 1983 "Sherwood Old Town Revitalization Plan" and its guidelines and strategies are adopted as a part of the Sherwood Comprehensive Plan.

- The City will continue to encourage implementation of the goals, objectives, strategies and improvement projects outlined in the "Old Town Revitalization Plan."

Industrial Planning Designations

General Objectives

1. To encourage the development of non-polluting industries in designated, well planned industrial areas.
2. To locate industrial development so as to assure its compatibility with the natural environment and adjoining uses.
3. To establish criteria for the location of designated classes of industrial uses.
4. To promote diversification of the City's economic base by promoting business retention and expansion, business recruitment and marketing.
5. To assure that public facilities are extended in a timely and economic fashion to areas having the greatest economic development potential.

Policies and Strategies

In order to address the above general objectives, the following policies for industrial development are established.

Policy 1. Industrial uses will be located in areas where they will be compatible with adjoining uses, and where necessary services and natural amenities are favorable.

Strategy:

- Only non-polluting industries meeting specific performance standards relating to noise, glare, vibration, water, air and land pollution will be allowed. Industrial uses will be subject to special design and site review standards including those assuring proper access, landscaping, buffers, setbacks and architectural design. Buffers shall be established between industrial uses and designated greenways, wetlands and natural areas.

- Industrial uses will be encouraged to locate in industrial planned unit developments.
- Industrial development will be allowed only on suitable land and soils which have adequate support strength.
- Industrial development will be restricted to those areas where adequate major roads, and/or rail, and public services can be made available.

Policy 2. The City will encourage sound industrial development by all suitable means to provide employment and economic stability to the community.

Strategy:

- The City will allocate land to meet current and future industrial space needs which will provide an appropriate balance to residential and commercial activities.
- The City will encourage clean capital and labor intensive industries to locate in Sherwood.
- The City will prohibit the development of large-scale retail uses with significant traffic impacts and large parking requirements on industrially zoned land.

Appendix B: Potential Economic Development Actions²

This appendix presents potential economic development actions that cities take to increase economic activities. The purpose of this appendix is to provide information and ideas to Sherwood staff and stakeholders, as they develop economic development policies and actions. This appendix is not intended to be adopted into the Sherwood Comprehensive Plan.

A wide range of economic development policies and actions are available to cities for influencing the level and type of economic development. Local economic development policy usually has a fundamental goal of attracting, retaining, and expanding businesses within the boundaries of the implementing jurisdiction. The presumption is that growing businesses will provide things that voters want: jobs, income, and revenues for the operation of local government and the additions to quality of life such operation provides. If economic development is about accommodating, creating, and expanding businesses, then it makes sense to think of how local economic development policies will affect factors that matter to business decisions about location and expansion. In the jargon of economics, any policy or action must affect a factor of production that influences business locations and expansion. The typical factors of are:

- **Entrepreneurship.** Trained, creative, effective management.
- **Capital.** Financing, venture capital.
- **Labor.** Better trained and educated work force; more reliable; lower cost.
- **Land and built space.** Entitled; buildable; development ready; in the right locations, sizes and configurations.
- **Local Infrastructure.** Not just lowest cost, but best value
- **Access to markets and materials.** Proximity, yes, but also connections
- **Agglomerative economies (clusters).** Proximity to related businesses, a more diverse and redundant labor market.
- **Quality of life.** The wage and salary costs of attracting and retaining both management and labor can be reduced if they have a larger “second paycheck” from the surrounding natural and built environment and community services.
- **Taxes and fees.** Again, value matters. Businesses want the public sector’s help with most of the items above, but they would like the costs of that assistance to be low.

Not all factors are equally important to businesses in general, and their importance differs by type of business. The *location* decisions of businesses are primarily based on the availability and cost of labor, transportation, raw materials, and capital. In the words of professional site selectors, businesses typically do a *regional* screening first (“Which are the two or three best regions for our business?”) and then work down to sites in the region as part of the final

² This section is summarized from other work completed by ECONorthwest.

selection process. The availability and cost of these production factors are broadly similar within a region. Most economic development strategies available to local governments only indirectly affect the cost and quality of these primary location factors.

Local governments can most directly affect the other factor in the list above: for example, tax rates (within the bounds of Measures 5 and 50), land supply and permitting, the quality of public facilities and services and their costs to businesses and their employees, and workforce training.

The effectiveness of any individual actions or combination of actions depends on local circumstances and desired outcomes. Local strategies should be customized not only to meet locally defined objectives, but also to recognize economic opportunities and limitations (as defined in the Economic Opportunity Analysis). Positive outcomes are not guaranteed: even good programs can result in limited or modest results.

Table B-1 identifies a range of potential economic development strategies that the City of Sherwood could consider implementing. These strategies range from those closely associated with the basic functions of government (provision of buildable land and public services) to those sometimes viewed as outside the primary functions of government (such as financial incentives and business assistance). The primary action categories in Table B-1 are Land Use, Public Facilities, Business Assistance, Workforce, Other.

Table B-1. Potential economic development actions

Category/Policy Examples	Description and Examples
Land Use	Policies regarding the amount and location of available land and allowed uses.
Provide adequate supply of land	Provide an adequate supply of development sites to accommodate anticipated employment growth with the public and private services, sizes, zoning, and other characteristics needed by firms likely to locate in Sherwood.
Increase the efficiency of the permitting process and simplify city land-use policies	Take actions to reduce costs and time for development permits. Adopt development codes and land use plans that are clear and concise.
Public Facilities	Policies regarding the level and quality of public and private infrastructure and services.
Provide adequate infrastructure to support employment growth	Provide adequate public services (i.e. roads, transportation, water, and sewer) and take action to assure adequate private utilities (i.e. electricity and communications) are provided to existing businesses and development sites.
Focused public investment	Provide public and private infrastructure to identified development or redevelopment sites.
Communications infrastructure	Actions to provide high-speed communication infrastructure, such as developing a local fiber optic network.
Business Assistance	Policies to assist existing businesses and attract new businesses.
Business retention and growth	Targeted assistance to businesses facing financial difficulty or thinking of moving out of the community. Assistance would vary depending on a given business' problems and could range from business loans to upgrades in infrastructure to assistance in finding a new location within the community.

Category/Policy Examples	Description and Examples
Recruitment and marketing	Establish a program to market the community as a location for business in general, and target relocating firms to diversify and strengthen the local economy. Take steps to provide readily available development sites, an efficient permitting process, well-trained workforce, and perception of high quality of life.
Development districts (enterprise zones, renewal districts, etc.)	Establish districts with tax abatements, loans, assist with infrastructure, reduced regulation, or other incentives available to businesses in the district that meet specified criteria and help achieve community goals.
Business clusters	Help develop business clusters through business recruitment and business retention policies. Encourage siting of businesses to provide shared services to the business clusters, businesses that support the prison and hospital and agricultural industry, including retail and commercial services.
Public/private partnerships	Make public land or facilities available, public lease commitment in proposed development, provide parking, and other support services.
Financial assistance	Tax abatement, waivers, loans, grants, and financing for firms meeting specified criteria. Can be targeted as desired to support goal such as recruitment, retention, expansion, family-wage jobs, or sustainable industry.
Business incubators	Help develop low-cost space for use by new and expanding firms with shared office services, access to equipment, networking opportunities, and business development information. Designate land for live-work opportunities.
Mentoring and advice	Provide low-cost mentors and advice for local small businesses in the area of management, marketing, accounting, financing, and other business skills.
Export promotion	Assist businesses in identifying and expanding into new products and export markets; represent local firms at trade shows and missions.
Workforce	Policies to improve the quality of the workforce available to local firms.
Job training	Create opportunities for training in general or implement training programs for specific jobs or specific population groups (i.e. dislocated workers).
Job access	Provide transit/shuttle service to bring workers to job sites.
Jobs/housing balance	Make land available for a variety of low-cost housing types for lower income households, ranging from single-family housing types to multifamily housing.
Other	
Regional collaboration	Coordinate economic development efforts with the County, the State, and local jurisdictions, utilities, and agencies so that clear and consistent policies and objectives are developed.
Quality of life	Maintain and enhance quality of life through good schools, cultural programs, recreational opportunities, adequate health care facilities, affordable housing, neighborhood protection, and environmental amenities.

Source: ECONorthwest.

Sherwood Planning Commission Meeting

Date: September 11, 2018

Meeting Packet

Approved Minutes

Date Approved: October 9, 2018

Request to Speak Forms

Documents submitted at meeting:

Regular Session

6.2.a. Sherwood Old Town Dental LA18-01 Presentation - Exh A

Work Session

1. Memo from ECONorthwest re: Economic Deve Strategy - Exh A

Economic Opportunities Analysis Presentation) Exh B

SHERWOOD OLD
TOWN DENTAL
LANDMARK ALTERATION
LA 18-01

Planning Commission
Public Hearing
September 11, 2018 (Continued from August 14, 2018)



09.11.18
Date

PC
Gov. Body

6.2.a
Agenda Item

A
Exhibit #

Proposal



Existing



Proposed

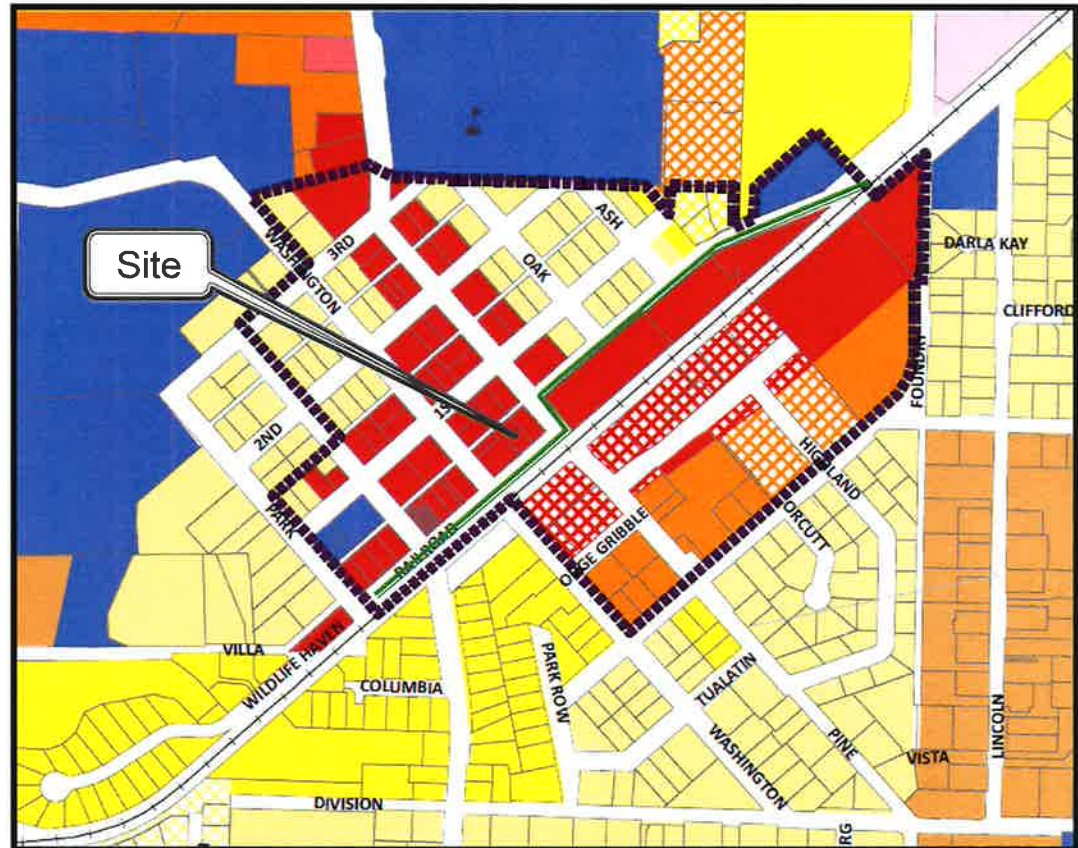
Vicinity Map and Zoning (Retail Commercial – RC)



Sherwood Zoning and Community Development Code Approval Criteria

- Section 16.22 (Commercial Land Use Districts)
- Section 16.162 (Old Town Overlay)
 - 16.162.070 Community Design
 - 16.162.090 Old Town Smockville Design Standards
- 16.168 (Landmark Alteration) where applicable (procedures)

Old Town Overlay –Community Design and Smockville Design Area



Old Town Smockville Remodeling Commercial Structures Design Standards

1. Original Elements

- a. Doors
- b. Windows
- c. Chimneys
- d. Skylights
- e. Gutters
- f. Architectural Elements
- g. Siding
- h. Weatherization & Energy Conservation



Existing ↑

Proposed ↓

2. Front-Facing Presentation

- a. Skylights
- b. Roof vents
- c. Plumbing vents



Old Town Smockville Commercial Structures Design Standards

1. Volume & Mass
2. Openings
3. Height – Not Applicable
4. Horizontal Facade Rhythm – Not Applicable
5. Vertical Facade Rhythm
6. Sense of Entry
7. Roof Forms
8. Exterior Surface Materials
9. Awnings and Marquees – Not Applicable
10. Secondary Elevations – Not Applicable
11. Additions to Existing Buildings – Not Applicable
12. Front-Facing Presentation

Applicable Old Town Smockville Commercial Structures Design Standards

1. Volume & Mass (orientation, setback, width)
2. Openings (verticality, transparency, symmetry)
5. Vertical Facade Rhythm
(multiple bays, edge definition)
6. Sense of Entry (doors, integration, depth)



Applicable Old Town Smockville Commercial Structures Design Standards

7. Roof Forms (gable, hipped or similar residential style prohibited)

8. Exterior Surface Materials (horizontal wood siding, true board and batten vertical wood siding, brick, stucco, poured concrete block, ceramic tile)

12. Front-Facing Presentation



Staff Recommendation

Staff recommends approval of the proposed landmark alterations within the Old Town Overlay with Conditions as identified in the Staff Report.

QUESTIONS?



DATE: ~~August 20~~September 7, 2018
TO: Technical Advisory Committee (TAC) and Citizen Advisory Committee (CAC)
CC: Carrie Brennecke
FROM: Beth Goodman
SUBJECT: SHERWOOD ECONOMIC DEVELOPMENT STRATEGY

The City of Sherwood contracted ECONorthwest to develop an economic opportunities analysis (EOA). The EOA will determine whether the City has enough land to accommodate 20-years of employment growth. The EOA provides the basis for an update to the City's Comprehensive Plan Economic Element, as well as development of an action plan to implement the Economic policies.

This memorandum presents a draft of Sherwood's Economic Development Strategy. The Policies, ~~and Objectives,~~ and Actions consider the existing policies in existing Comprehensive Plan, reflect the information in Sherwood's EOA, and ~~will be~~ has updated based on feedback from the TAC and CAC at meetings on August 29. These policies will be updated based on further feedback from the TAC, CAC, Planning Commission, and City Council.

~~In addition, draft actions have been added for some Objectives, based on discussions between ECONorthwest and City staff. These actions will also reviewed and revised through discussion with the TAC and CAC, as well as addition of more actions.~~

Appendix A presents the City's existing Comprehensive Plan policies. Appendix B presents potential economic development actions that cities take to increase economic activities. The purpose of the appendix is to provide information and ideas to Sherwood staff and stakeholders for development of economic development objectives and actions.

Economic Development Vision

The following is Sherwood's draft Vision for economic development.

In 2040, the Sherwood economy has grown to include a wide diversity and variety of businesses big and small that offer stable employment opportunities, jobs with wages at or above the Washington County average, family wage jobs and expand the tax base to protect and maintain Sherwood's quality of life. Sherwood is a gateway to wine country and has services that appeal to residents and visitors alike. ~~capitalizes on a robust tourism industry.~~

Note to reviewers: The red underlined text represents ECONorthwest's suggested additions and changes to the vision, consistent with discussions with the TAC and CAC, as well as the City Council's goal to balance the City's tax base.

The Vision will be refined through continued public discussion of the vision for growth of Sherwood.

09.11.18
Date

PC
Gov. Body

Economic Development Policies and Actions

Policy 1: Land Availability and Management: The City will plan for a 20-year supply of suitable commercial and industrial land on sites with a variety of characteristics (e.g., site sizes, locations, visibility, and other characteristics) and manage the supply of employment land to make most efficient use of commercial and industrial land.

Objective 1.1: Provide for an adequate supply of commercial and industrial land to accommodate the types and amount of economic development and growth anticipated in the future, as described in the City's most recent Economic Opportunities Analysis. The supply of commercial and industrial land should provide a range of site sizes and locations to accommodate the market needs of a variety of commercial and industrial employment uses.

Objective 1.2: ~~Provide for~~Maintain an adequate short-term supply of suitable commercial and industrial land to respond to economic development opportunities as they arise.

"Short-term supply" means suitable land that is ready for construction usually within one year of an application for a building permit or request for service extension. "

Objective 1.3: Monitor and replenish the supply of commercial and industrial land on a regular, periodic basis.

Action 1.3a: Develop and implement a system to monitor the supply of commercial and industrial lands. This includes monitoring commercial and industrial development (through permits) as well as land consumption (e.g. development on vacant, or redevelopable lands).

Action 1.3b: When Sherwood has commercial or industrial land deficits, with the Metro to identify opportunities for expansion of the UGB into Urban Reserve areas appropriate for employment uses.

Action 1.3c: Ensure that expansion of residential areas includes planning for land to provide retail and commercial services to new residents.

Objective 1.4: Support and encourage infill and redevelopment, especially in in existing commercial areas, as a way to use land and existing infrastructure more efficiently. The City will develop and implement policies and programs to encourage commercial and mixed-use development in downtown.

Action 1.4a: The City will update and implement policies and programs for infill and redevelopment in Old Town that fit with the character of Old Town, such as small-scale and locally owned businesses in mixed use buildings, as described in the Sherwood Town Center Plan.

Action 1.4b: The City will develop and implement policies and programs for infill and redevelopment in its existing commercial areas, focusing on the Langer Drive Commercial District and the Central Neighborhoods, as

described in the Sherwood Town Center Plan.

Action 1.4.c: Add vertical development zone as an action – Carrie – I'm not sure if this was a new zone or the vertical housing tax credit. Thoughts?

Objective 1.5: Continue to pProvide flexibility in Sherwood's development code to support non-retail commercial and industrial development with the Target Industries identified in the EOA, most of which will need space in an existing building, a site smaller than five acres, or a site between five and 15 acres in size.

Action 1.5a: Identify sites 50 acres and larger in Sherwood for future industrial development and work with landowners to determine whether a master plan should be developed to allow the parcel(s) to be developed for more than one use, consistent with Metro's Title 4 section 3.07.430(d)(2).

Objective 1.6: Develop criteria to identify industrial or commercial areas that are more appropriate for other uses (e.g., industrial land redesignated for commercial uses) based on their site characteristics (e.g., location, size, configuration, or transportation access), as needed.

Action 1.6a: Evaluate and develop criteria to guide up-zoning (or redesignating) industrial or commercial land for more appropriate uses.

Action 1.6b: Identify areas to up-zone (or redesignate), based on the criteria in Action 1.6a.

Policy 2: Infrastructure Support: Provide adequate infrastructure efficiently and fairly to support employment growth, with a focus on the Tonquin Employment Area.

Objective 2.1: ~~The City will~~Continue to coordinate capital improvement planning to ensure infrastructure availability on employment land and continue to pursue funding for needed infrastructure to support business expansion and private investments in businesses and job growth. economic development activities.

Action 2.1a: Seek regional support for development and improvement of transportation infrastructure.

Objective 2.2: The City will develop infrastructure across the city to support employment growth, ensuring availability ~~of~~ water and wastewater service and improving transportation access to the broader Portland Region.

Action 2.2a: Working with Washington County and Metro, advocate for and support improvements to key regional transportation facilities that serve employment areas in Sherwood, such as the improvements on Roy Rogers Road and 124th Street.

~~Plan improvements to Tualatin Sherwood Road to address traffic issues.~~

Objective 2.3: The City will develop infrastructure in the Tonquin Employment Area to support employment growth, consistent with the recommendations in the *Tonquin Employment Area Market Analysis, Business Recruitment Strategy, and Implementation Plan* report (June 5, 2015).

Action 2.3a: Support and encourage development of a Master Plan for the Tonquin Employment Area to implement the *Implementation Plan*, working with landowners, interested developers, and other stakeholders.

Action 2.3b: Incorporate plans for the infrastructure upgrades in Phase 1 of the *Implementation Plan* for areas C, E, and G into the City's Capital Improvement Plan, prioritizing infrastructure development that will make the most land developable at the lowest costs and in the fastest time period.

Action 2.3c: Evaluate and adopt funding strategies to support infrastructure development in the Tonquin Employment Area. The *Implementation Plan* recommends considering funding options such as: use of System Development Charge funds, Urban Renewal/Tax Increment Financing, establishing a Local Improvement District (LID), and seeking regional and statewide grants.

Objective 2.4: Seek funding to support infrastructure development in the Tonquin Employment Area and in other areas of Sherwood through grants and other programs to support infrastructure development. The *Tonquin Employment Area Market Analysis, Business Recruitment Strategy, and Implementation Plan* report identifies a range on grants and other programs that support infrastructure development from Washington County, Metro, **and** the State of Oregon, and Federal agencies such as the Economic Development Administration.

Action 2.4a: Identify projects that are likely to be awarded grants for infrastructure development, such as areas that would support substantial employment development and could be make development ready with specific, achievable infrastructure investments.

Action 2.4b: Identify grant funding opportunities for the areas in Action 2.4a and work with funding partners to develop grant requests.

Policy 3: Existing Business Retention, New Business Development, and Attraction of New Businesses: The City will support retention and expansion of existing businesses, growth of entrepreneurial business, and attraction of new businesses that align with Sherwood's revised Comprehensive Plan goals Community Vision. The types of businesses the City wants to attract most are non-polluting businesses with wages at or above the

Washington County average, such as the industries identified in the Economic Opportunities Analysis.¹

Objective 3.1: Support business growth in Sherwood to diversify and expand commercial and industrial development in order to provide employment opportunities, and expand the tax base.

Action 3.1a: Consider hiring a staff person charged with directing economic development activities in Sherwood, with the goal of working directly with existing business and entrepreneurs in Sherwood to grow and expand business and with businesses considering locating in Sherwood.

Action 3.1b: Work with local stakeholders and businesses to establish an Economic Development Committee, possibly lead by the economic development staff person in Action 3.1a. The focus and activities of this Committee would be directed by City staff and the City Council.

Action 3.1c: Develop a 5-year broader Economic Development Strategy using data on local and regional economic trends gathered through the Economic Opportunity Analysis, from policies and objectives established for the Comprehensive Plan (this document) and with feedback and input from stakeholders, such as the Economic Development Committee, business owners and managers in Sherwood, people involved in economic development in Sherwood and the Portland Region, and residents of Sherwood. The purpose of the Strategy is to develop detailed actions to support economic development in Sherwood, going beyond the issues identified in this memorandum, touching on issues such as workforce availability and development.

Objective 3.2: Retain and encourage growth of existing and new businesses in Sherwood.

Action 3.2a: ~~Working with the Economic Development Committee (3.1b), R~~reach out to businesses in Sherwood and identify problems and barriers to economic development business growth and expansion in Sherwood. Addressing these issues could be part of the actions taken in the Economic Development Strategy (3.1c).

Action 3.2b: Revise land use and other City policies to identify opportunities for business growth and expansion and work with local businesses to mitigate barriers to this growth~~address local barriers to economic development for existing businesses~~, where appropriate.

¹ The Economic Opportunities Analysis identifies the following potential growth industries for Sherwood: Technology and Advanced Manufacturing, Machinery Manufacturing, Clean Tech, Outdoor Gear and Active Wear, Professional and Business Services, Wholesale, Services for Visitors, and Services for Residents.

Action 3.2c: Refine existing processes to assist businesses with complying with city regulations. In addition to existing pre-application conferences staff will work to establish a user's guide for development and to develop an expedited land use application process for commercial and industrial developments.

Action 3.2d: Review the City's system development charges (SDCs) to determine if there are opportunities for revisions to SDCs to encourage existing business growth and retention.

Objective 3.3: Support growth, development, and retention of small, entrepreneurial businesses in Sherwood.

Action 3.3a: Identify opportunities to support growth of small businesses, such as business incubators or buildings with flexible space for small businesses.

Action 3.3b: Support and encourage home-based businesses and identify barriers in the City's policies to growth of home-based businesses.

Action 3.3c: I'll get more actions in for this a bit later.

Objective 3.4: Attract businesses, such as businesses in industries identified as Potential Growth Industries in Sherwood's Economic Opportunities Analysis, to develop in Sherwood, in areas such as the Tonquin Employment Area.

Action 3.4a: The City staff member in charge of economic development (Action 3.1a) should monitor and track business development opportunities with the purpose of understanding why businesses chose to locate in Sherwood or chose not to locate in Sherwood. For businesses that chose not to locate in Sherwood, track where businesses located.

Action 3.4b: Coordinate economic development efforts with local and regional economic development organizations, such as the Sherwood Chamber of Commerce, Sherwood Main Street, Westside Economic Alliance, ~~and~~ Greater Portland Inc., Business Oregon, and Federal agencies such as the Economic Development Administration.

Action 3.4c: Evaluate development of incentives to attract businesses to Sherwood, ~~such as, such as an Enterprise Zone (tax abatement),~~ low-interest loans, fee waivers, and other incentives.

Objective 3.5: Support growth of ~~tourism and tourism-related businesses~~ businesses that create destinations and experiences for residents of Sherwood and visitors to Sherwood.

Action 3.5a: Destinations for families with children

Action 3.5b: Destinations and events that enhance q of life – urban amenities, wineries, ag tourism, arts and culture, etc

Appendix A: Existing Comprehensive Plan Policies

This appendix presents the Sherwood Economic Development policies from the City's Comprehensive Plan.

Economic Development Vision

In 2006, the Sherwood Urban Renewal Policy Advisory Committee (SURPAC) led an update to the City's Economic Opportunities Analysis, a part of a greater Economic Development Strategy (EDS). During this process, a vision for economic development in Sherwood was developed:

The City of Sherwood will drive economic development and support businesses that provide jobs for our residents by building on our assets and developing the necessary infrastructure to retain existing businesses and support new businesses. Economic development also will be supported by maintaining our livability and character as a clean, healthy, and vibrant suburban community where one can work, play, live, shop and do business.

Economic Development Policies and Strategies

Policy 1: The City will coordinate on-going economic development planning with involved public and private agencies at the state, regional, county and local level.

Strategy:

- The City will cooperate with the Washington County OEDP Committee through the exchange of data and the development and implementation of a County Economic Development Plan.
- The City will develop and update an economic database through a two-way sharing of information between public and private agencies involved in economic planning.

Policy 2: The City will encourage economic growth that is consistent with the management and use of its environmental resources.

Strategy:

- The City will adopt and implement environmental quality performance and design standards for all industrial, commercial and institutional uses.
- The City will seek to attract non-polluting industries to the urban area.
- The City will acquire and preserve the Cedar Creek and Rock Creek greenways and provide bikeway and pedestrian linkages between residential and non-residential areas.

Policy 3: The City will direct public expenditures toward the realization of community development goals by assuring the adequacy of community services and facilities for existing and future economic development.

Strategy:

- The City will develop and implement a 5-year capital improvements program and budgeting system for land acquisition and capital facilities development consistent with the Comprehensive Plan.
- The City will coordinate planning with special districts providing services to the urban area to assure the adequacy of those services to support economic development.
- The City will continue to develop plans and improvement programs for parks, libraries and other “soft” services, recognizing that adequate facilities in these areas are an important component in business attraction and retention.

Policy 4: The City will seek to improve regional access to the urban area as a means to encourage local economic development.

Strategy:

- The City will work with the cities of Tualatin, Tigard, and Wilsonville, MSD, and Tri-Met to improve local access to the Planning Area via Highway 99W and I-5. See transit policies in Chapter 6.
- The City will encourage the maximum use of the railroad corridor, encourage the development of spur service lines where needed and evaluate the feasibility of passenger service.

Policy 5: The City will seek to diversify and expand commercial and industrial development in order to provide nearby job opportunities, and expand the tax base.

Strategy:

- The City will encourage the revitalization of the Old Town Commercial area by implementation of 1983’s “Old Town Revitalization Plan” and the Old Town Overlay Zone.
- The City will encourage the development of light industrial and office parks.
- The City will seek to attract industries that are labor and capital intensive.
- The City will seek to attract “target” industries which will expand industrial sectors inadequately represented in the urban area in order to diversify and stabilize the local economy.

Policy 6: The City will seek funding through EDA or HUD for the rehabilitation of the Old Town and Washington Hill neighborhoods.

Strategy:

- The City will seek implementation of new and rehabilitated housing goals set in the Regional Housing Opportunity Plan.

-
- The City will encourage the provision of affordable housing by designating areas within the City for medium density and high density developments, and by participating in State and Federal housing subsidy programs.

In addition to the policies and strategies developed by the Community with the 1990 Comprehensive Plan, the Economic Development Strategy (EDS) developed in 2006 includes the following policies and strategies (referred to as goals and objectives in the EDS).

Policy 1: Support existing businesses and recruit additional businesses that provide local family-wage jobs. Replace any employment land rezoned for other uses with other employment land.

Strategy 1.1: Capture existing workers in Sherwood who now work elsewhere.

Strategy 1.2: Provide locations and support for local jobs for local residents.

Strategy 1.3/1.4: Support and build upon manufacturing and other industries likely to produce family-wage jobs.

Policy 2: Support tourism as an economic engine.

Strategy 2.1: Promote the cultural arts and historical attractions as tourism generators.

Strategy 2.3: Continue to promote sporting events (i.e., Sports Town USA) as a tourism engine for Sherwood.

Strategy 2.4: Leverage the presence of the Tualatin River National Wildlife Refuge, and its anticipated 50 to 60 visitors per day, to increase tourism in Sherwood.

Strategy 2.4: Promote Sherwood as the "Gateway to the Oregon wine country."

Strategy 2.5: Address the lack of hotels or other bed and breakfast lodging within the city limits to increase Sherwood's tourism potential.

Policy 3: Develop the infrastructure and services necessary to support economic development in Sherwood.

Strategy 3.1: Identify and protect strategic industrial and other employment sites.

Strategy 3.2: Prioritize infrastructure improvement projects according to their anticipated economic benefit.

Strategy 3.3: Calculate the employment land mix necessary to help the city be self-sustaining in terms of the provision of adequate utilities and services.

Strategy 3.4: Encourage the growth of a variety of restaurants and retail establishments that would cater to business people.

Strategy 3.5: Improve transportation access to support tourism and other economic development strategies.

Policy 4: Develop a local workforce of residents whose skills are compatible with the needs of local businesses:

Strategy 4.1: Identify the workforce needs of local employers.

Strategy 4.2: Provide workforce training for Sherwood residents.

Commercial Planning Designations

General Objectives

1. To provide for commercial activities which are suitable to regional, community and neighborhood demand.
2. To locate commercial activities with safe and convenient access by consumers.
3. To encourage the location of commercial uses in well-planned commercial centers.
4. To provide an adequate amount of serviceable commercial land that meets market demand.

Policies and Strategies

In order to address the above general objectives the following policies are established.

Policy 1. Commercial activities will be located so as to most conveniently service customers.

Strategy:

- Community wide and neighborhood scale commercial centers will be established.
- Commercial centers will be located so that they are easily accessible on major roadways by pedestrians, auto and mass transit.
- Neighborhood commercial centers will be designated in or near residential areas upon application when need and compatibility to the neighborhood can be shown.

Policy 2. Commercial uses will be developed so as to complement rather than detract from adjoining uses.

Strategy:

- Commercial developments will be subject to special site and architectural design requirements.
- The number and locations of commercial use access will be limited along major streets in accordance with the City's Transportation Plan.

-
- Non-Retail and primarily wholesale commercial uses will be separated from retail uses where possible.
 - The older downtown commercial area will be preserved as a business district and unique shopping area.
 - A buffer between commercial uses and adjoining greenways, wetlands, and natural areas shall be established.

Policy 3. Highway 99W is an appropriate location for commercial development at the highway's intersections with City arterial and major collector roadways.

Policy 4. The 1983 "Sherwood Old Town Revitalization Plan" and its guidelines and strategies are adopted as a part of the Sherwood Comprehensive Plan.

- The City will continue to encourage implementation of the goals, objectives, strategies and improvement projects outlined in the "Old Town Revitalization Plan."

Industrial Planning Designations

General Objectives

1. To encourage the development of non-polluting industries in designated, well planned industrial areas.
2. To locate industrial development so as to assure its compatibility with the natural environment and adjoining uses.
3. To establish criteria for the location of designated classes of industrial uses.
4. To promote diversification of the City's economic base by promoting business retention and expansion, business recruitment and marketing.
5. To assure that public facilities are extended in a timely and economic fashion to areas having the greatest economic development potential.

Policies and Strategies

In order to address the above general objectives, the following policies for industrial development are established.

Policy 1. Industrial uses will be located in areas where they will be compatible with adjoining uses, and where necessary services and natural amenities are favorable.

Strategy:

- Only non-polluting industries meeting specific performance standards relating to noise, glare, vibration, water, air and land pollution will be allowed. Industrial uses will be subject to special design and site review standards including those assuring proper access, landscaping, buffers, setbacks and architectural design. Buffers shall be established between industrial uses and designated greenways, wetlands and natural areas.

-
- Industrial uses will be encouraged to locate in industrial planned unit developments.
 - Industrial development will be allowed only on suitable land and soils which have adequate support strength.
 - Industrial development will be restricted to those areas where adequate major roads, and/or rail, and public services can be made available.

Policy 2. The City will encourage sound industrial development by all suitable means to provide employment and economic stability to the community.

Strategy:

- The City will allocate land to meet current and future industrial space needs which will provide an appropriate balance to residential and commercial activities.
- The City will encourage clean capital and labor intensive industries to locate in Sherwood.
- The City will prohibit the development of large-scale retail uses with significant traffic impacts and large parking requirements on industrially zoned land.

Appendix B: Potential Economic Development Actions²

This appendix presents potential economic development actions that cities take to increase economic activities. The purpose of this appendix is to provide information and ideas to Sherwood staff and stakeholders, as they develop economic development policies and actions. This appendix is not intended to be adopted into the Sherwood Comprehensive Plan.

A wide range of economic development policies and actions are available to cities for influencing the level and type of economic development. Local economic development policy usually has a fundamental goal of attracting, retaining, and expanding businesses within the boundaries of the implementing jurisdiction. The presumption is that growing businesses will provide things that voters want: jobs, income, and revenues for the operation of local government and the additions to quality of life such operation provides. If economic development is about accommodating, creating, and expanding businesses, then it makes sense to think of how local economic development policies will affect factors that matter to business decisions about location and expansion. In the jargon of economics, any policy or action must affect a factor of production that influences business locations and expansion. The typical factors of are:

- **Entrepreneurship.** Trained, creative, effective management.
- **Capital.** Financing, venture capital.
- **Labor.** Better trained and educated work force; more reliable; lower cost.
- **Land and built space.** Entitled; buildable; development ready; in the right locations, sizes and configurations.
- **Local Infrastructure.** Not just lowest cost, but best value
- **Access to markets and materials.** Proximity, yes, but also connections
- **Agglomerative economies (clusters).** Proximity to related businesses, a more diverse and redundant labor market.
- **Quality of life.** The wage and salary costs of attracting and retaining both management and labor can be reduced if they have a larger “second paycheck” from the surrounding natural and built environment and community services.
- **Taxes and fees.** Again, value matters. Businesses want the public sector’s help with most of the items above, but they would like the costs of that assistance to be low.

Not all factors are equally important to businesses in general, and their importance differs by type of business. The *location* decisions of businesses are primarily based on the availability and cost of labor, transportation, raw materials, and capital. In the words of professional site selectors, businesses typically do a *regional* screening first (“Which are the two or three best regions for our business?”) and then work down to sites in the region as part of the final

² This section is summarized from other work completed by ECONorthwest.

selection process. The availability and cost of these production factors are broadly similar within a region. Most economic development strategies available to local governments only indirectly affect the cost and quality of these primary location factors.

Local governments can most directly affect the other factor in the list above: for example, tax rates (within the bounds of Measures 5 and 50), land supply and permitting, the quality of public facilities and services and their costs to businesses and their employees, and workforce training.

The effectiveness of any individual actions or combination of actions depends on local circumstances and desired outcomes. Local strategies should be customized not only to meet locally defined objectives, but also to recognize economic opportunities and limitations (as defined in the Economic Opportunity Analysis). Positive outcomes are not guaranteed: even good programs can result in limited or modest results.

Table B-1 identifies a range of potential economic development strategies that the City of Sherwood could consider implementing. These strategies range from those closely associated with the basic functions of government (provision of buildable land and public services) to those sometimes viewed as outside the primary functions of government (such as financial incentives and business assistance). The primary action categories in Table B-1 are Land Use, Public Facilities, Business Assistance, Workforce, Other.

Table B-1. Potential economic development actions

Category/Policy Examples	Description and Examples
Land Use	Policies regarding the amount and location of available land and allowed uses.
Provide adequate supply of land	Provide an adequate supply of development sites to accommodate anticipated employment growth with the public and private services, sizes, zoning, and other characteristics needed by firms likely to locate in Sherwood.
Increase the efficiency of the permitting process and simplify city land-use policies	Take actions to reduce costs and time for development permits. Adopt development codes and land use plans that are clear and concise.
Public Facilities	Policies regarding the level and quality of public and private infrastructure and services.
Provide adequate infrastructure to support employment growth	Provide adequate public services (i.e. roads, transportation, water, and sewer) and take action to assure adequate private utilities (i.e. electricity and communications) are provided to existing businesses and development sites.
Focused public investment	Provide public and private infrastructure to identified development or redevelopment sites.
Communications infrastructure	Actions to provide high-speed communication infrastructure, such as developing a local fiber optic network.
Business Assistance	Policies to assist existing businesses and attract new businesses.
Business retention and growth	Targeted assistance to businesses facing financial difficulty or thinking of moving out of the community. Assistance would vary depending on a given business' problems and could range from business loans to upgrades in infrastructure to assistance in finding a new location within the community.

Category/Policy Examples	Description and Examples
Recruitment and marketing	Establish a program to market the community as a location for business in general, and target relocating firms to diversify and strengthen the local economy. Take steps to provide readily available development sites, an efficient permitting process, well-trained workforce, and perception of high quality of life.
Development districts (enterprise zones, renewal districts, etc.)	Establish districts with tax abatements, loans, assist with infrastructure, reduced regulation, or other incentives available to businesses in the district that meet specified criteria and help achieve community goals.
Business clusters	Help develop business clusters through business recruitment and business retention policies. Encourage siting of businesses to provide shared services to the business clusters, businesses that support the prison and hospital and agricultural industry, including retail and commercial services.
Public/private partnerships	Make public land or facilities available, public lease commitment in proposed development, provide parking, and other support services.
Financial assistance	Tax abatement, waivers, loans, grants, and financing for firms meeting specified criteria. Can be targeted as desired to support goal such as recruitment, retention, expansion, family-wage jobs, or sustainable industry.
Business incubators	Help develop low-cost space for use by new and expanding firms with shared office services, access to equipment, networking opportunities, and business development information. Designate land for live-work opportunities.
Mentoring and advice	Provide low-cost mentors and advice for local small businesses in the area of management, marketing, accounting, financing, and other business skills.
Export promotion	Assist businesses in identifying and expanding into new products and export markets; represent local firms at trade shows and missions.
Workforce	Policies to improve the quality of the workforce available to local firms.
Job training	Create opportunities for training in general or implement training programs for specific jobs or specific population groups (i.e. dislocated workers).
Job access	Provide transit/shuttle service to bring workers to job sites.
Jobs/housing balance	Make land available for a variety of low-cost housing types for lower income households, ranging from single-family housing types to multifamily housing.
Other	
Regional collaboration	Coordinate economic development efforts with the County, the State, and local jurisdictions, utilities, and agencies so that clear and consistent policies and objectives are developed.
Quality of life	Maintain and enhance quality of life through good schools, cultural programs, recreational opportunities, adequate health care facilities, affordable housing, neighborhood protection, and environmental amenities.

Source: ECONorthwest.

SHERWOOD BLI 2018

COMMERCIAL AND INDUSTRIAL LAND

BY DEVELOPMENT STATUS

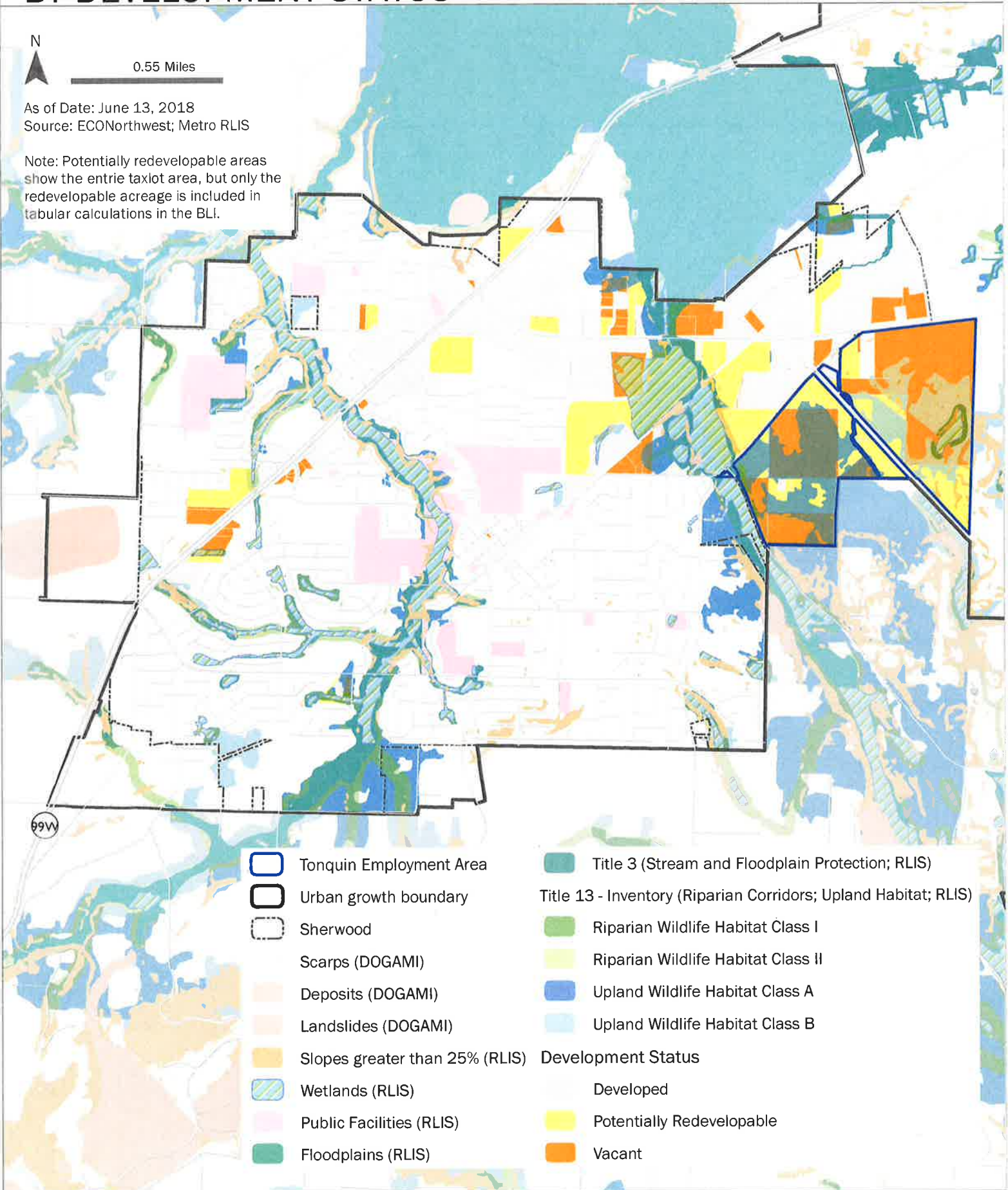


0.55 Miles

As of Date: June 13, 2018

Source: ECONorthwest; Metro RLIS

Note: Potentially redevelopable areas show the entire taxlot area, but only the redevelopable acreage is included in tabular calculations in the BLI.



- Tonquin Employment Area
- Urban growth boundary
- Sherwood
- Scarps (DOGAMI)
- Deposits (DOGAMI)
- Landslides (DOGAMI)
- Slopes greater than 25% (RLIS)
- Wetlands (RLIS)
- Public Facilities (RLIS)
- Floodplains (RLIS)

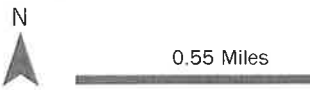
- Title 3 (Stream and Floodplain Protection; RLIS)
 - Title 13 - Inventory (Riparian Corridors; Upland Habitat; RLIS)
 - Riparian Wildlife Habitat Class I
 - Riparian Wildlife Habitat Class II
 - Upland Wildlife Habitat Class A
 - Upland Wildlife Habitat Class B
- Development Status**
- Developed
 - Potentially Redevelopable
 - Vacant

99W

SHERWOOD BLI 2018

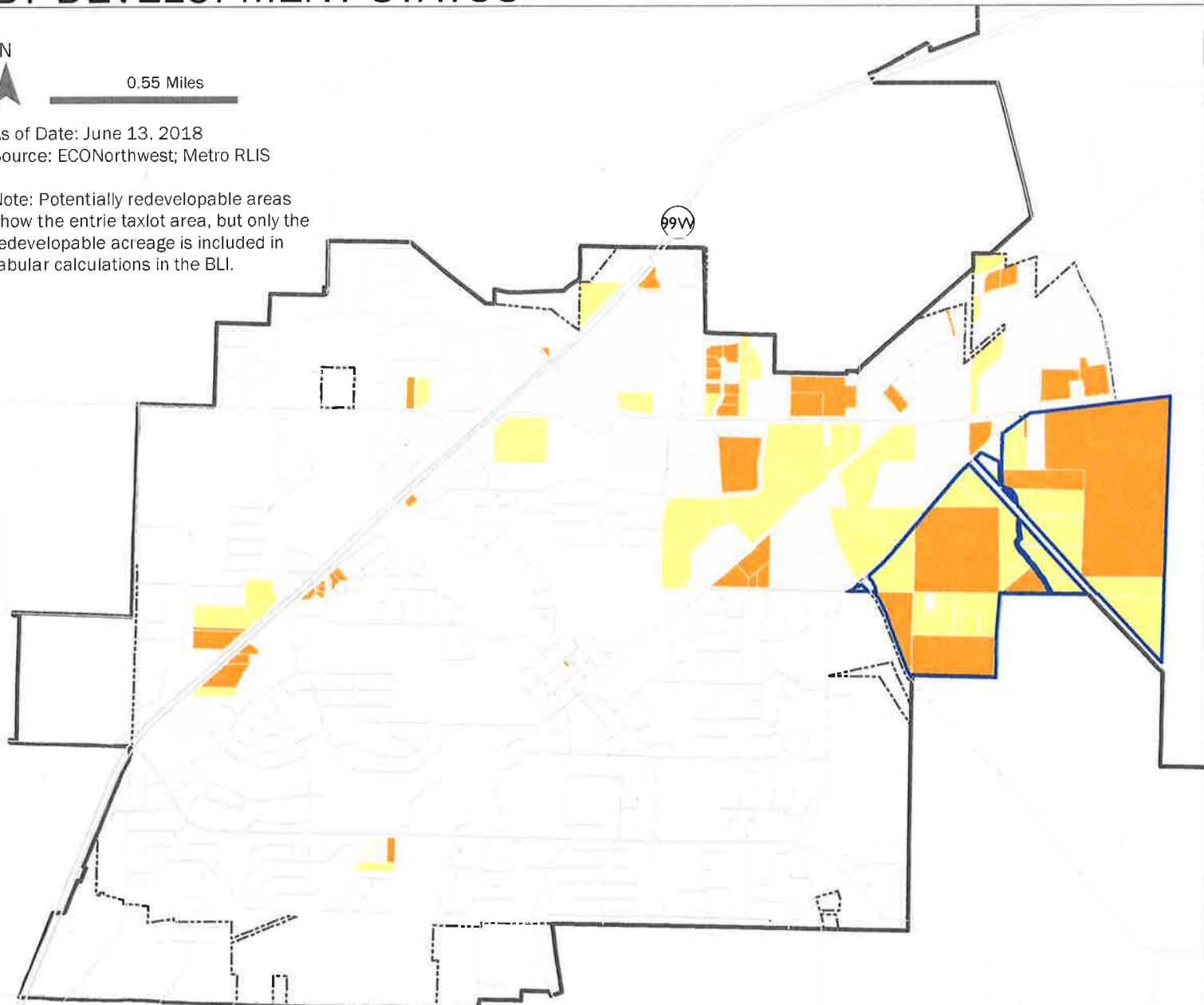
COMMERCIAL AND INDUSTRIAL LAND

BY DEVELOPMENT STATUS



As of Date: June 13, 2018
Source: ECONorthwest; Metro RLIS

Note: Potentially redevelopable areas show the entire taxlot area, but only the redevelopable acreage is included in tabular calculations in the BLI.



-  Tonquin Employment Area
-  Urban growth boundary
-  Sherwood
- Development Status**
-  Developed
-  Potentially Redevelopable
-  Vacant

09.11.18
Date

PC
Gov. Body

WS 1
Agenda Item

B
Exhibit #

Sherwood Economic Opportunities Analysis

ECONorthwest
ECONOMICS • FINANCE • PLANNING

3J CONSULTING
CIVIL ENGINEERING | WATER RESOURCES | LAND USE PLANNING



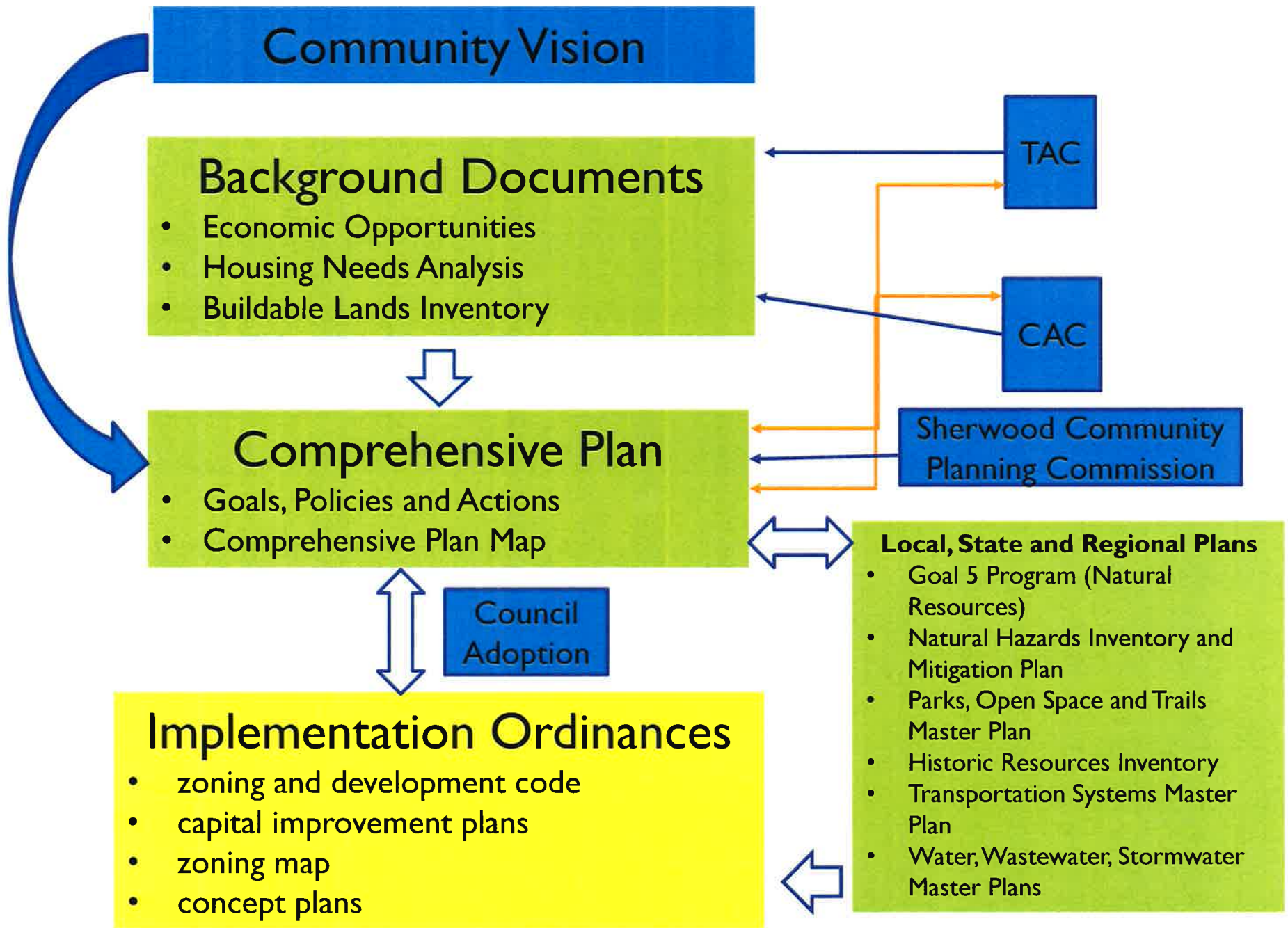
Agenda

- Discuss draft EOA
 - Revisions
 - Conclusions
- Revise Comp Plan policies
- Discuss implementation actions

DLCD Technical Assistance Grant

- City applied for and received grant December 2017 to complete the background documents for the Comprehensive Plan Update and draft associated comprehensive plan policies
- Funds assists City in complying with Oregon Statewide Planning Goals 9 (Economic Development), 10 (Housing)
 - Economic Opportunities Assessment
 - Comprehensive Plan Economic Policies
 - Comprehensive Plan Housing Policies*

*City drafted an update to the Housing Needs Analysis in November 2017 which will be reviewed as part of this process



Draft EOA

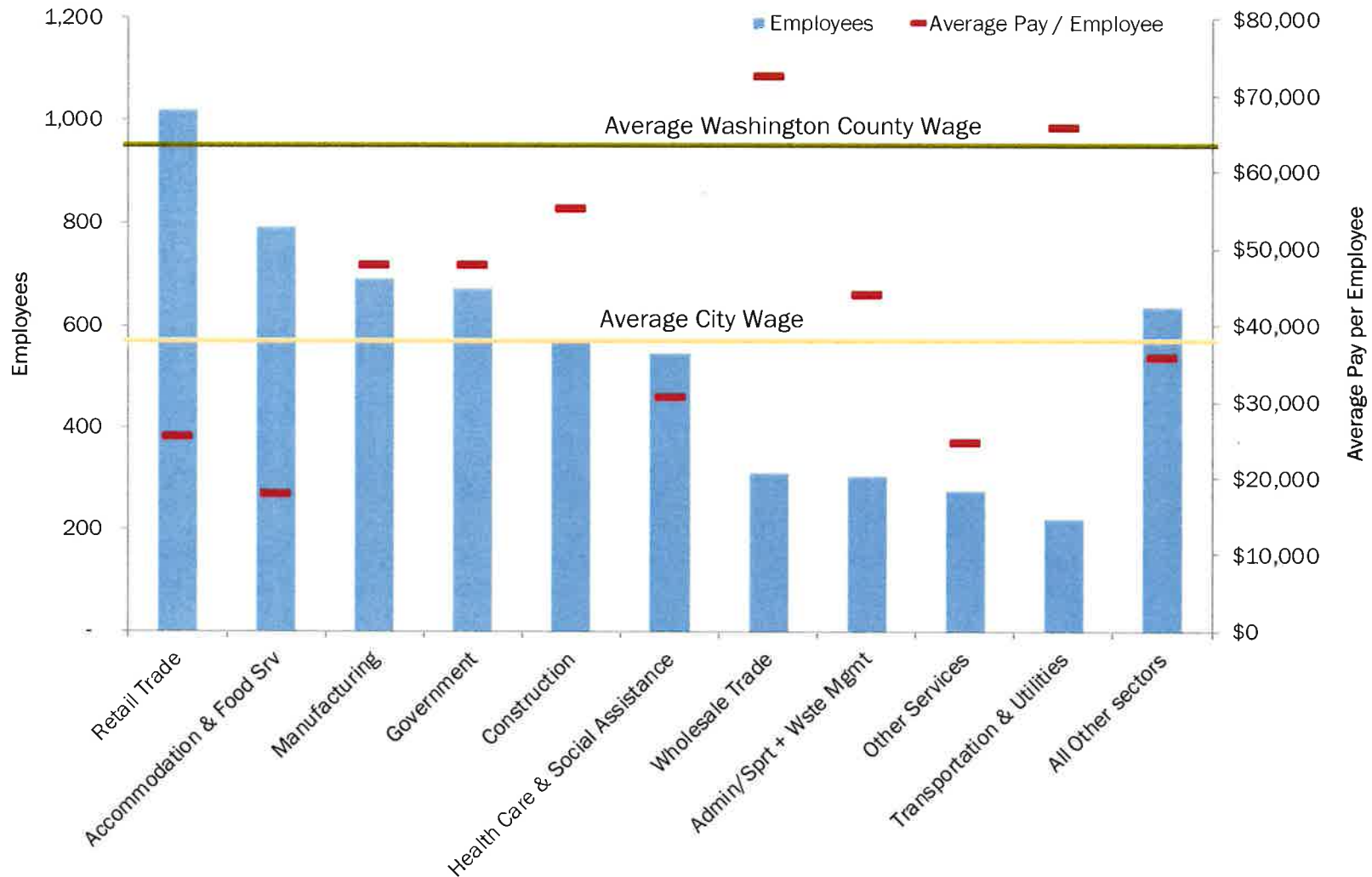
Why do an Economic Opportunities Analysis?

- Legal requirements - Goal 9 – Economy
 - Economic opportunities analysis
 - Industrial and commercial development policies
 - Identify land deficits
 - Designation of lands for employment
- Understand existing conditions and forecast future conditions to inform:
 - Economic development strategy
 - Land use policy
 - Coordination

Overview of the EOA Work Program

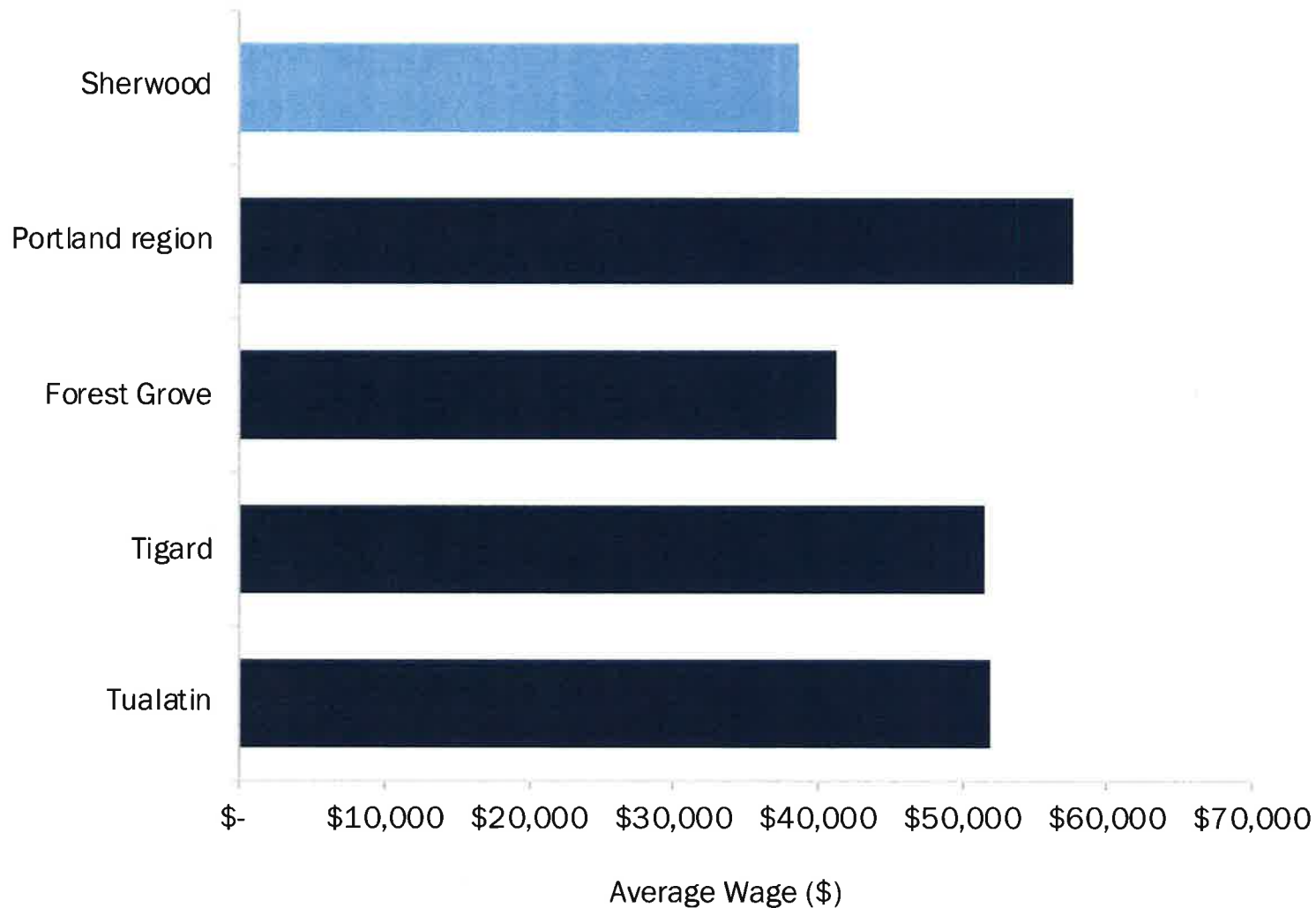
- Inventory of buildable commercial and industrial land
 - Information about characteristics of vacant land
- Forecast Employment Growth
 - Understand Sherwood's competitive advantages
 - Identify potential growth industries
 - Forecast employment and land needs
- Update economic development strategies and policies

Covered Employment and Average Pay by Industry in Sherwood



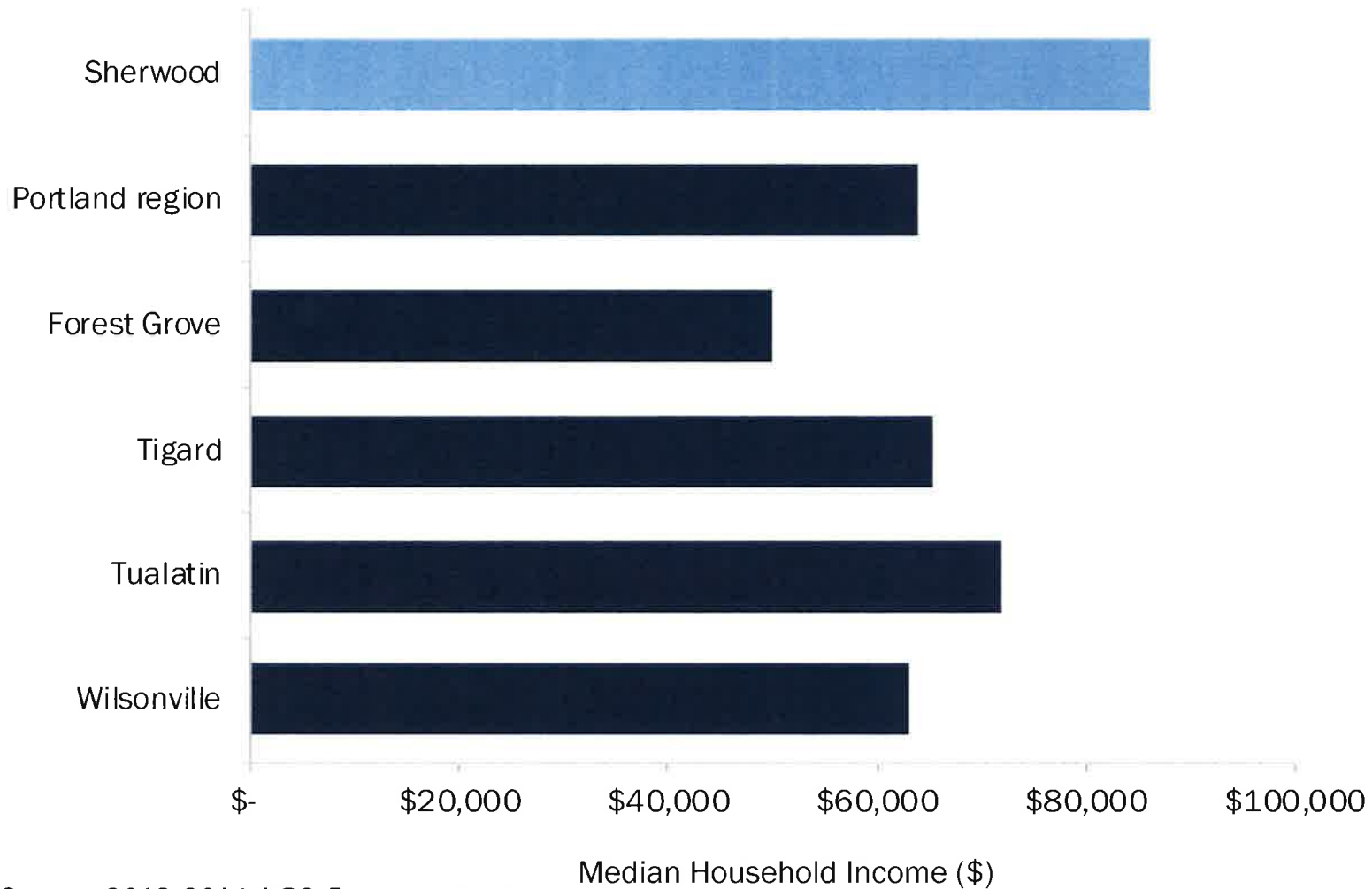
Source: 2016 employment data from Quarterly Census of Employment and Wages, State of Oregon

Average Pay in Sherwood, Portland Region, and Peer Cities



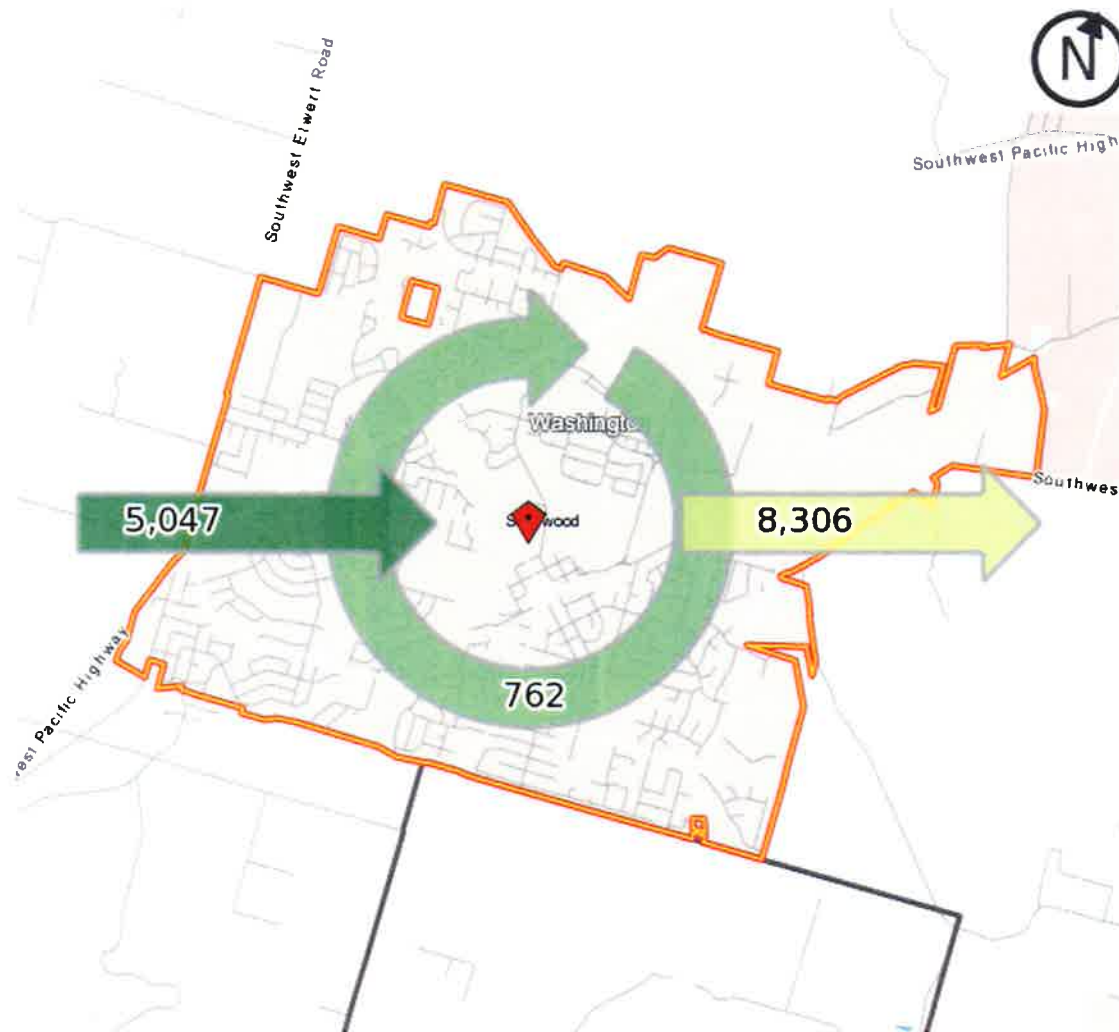
Source: 2016 employment data from Quarterly Census of Employment and Wages, State of Oregon

Median Household Income, Sherwood and Peer Cities



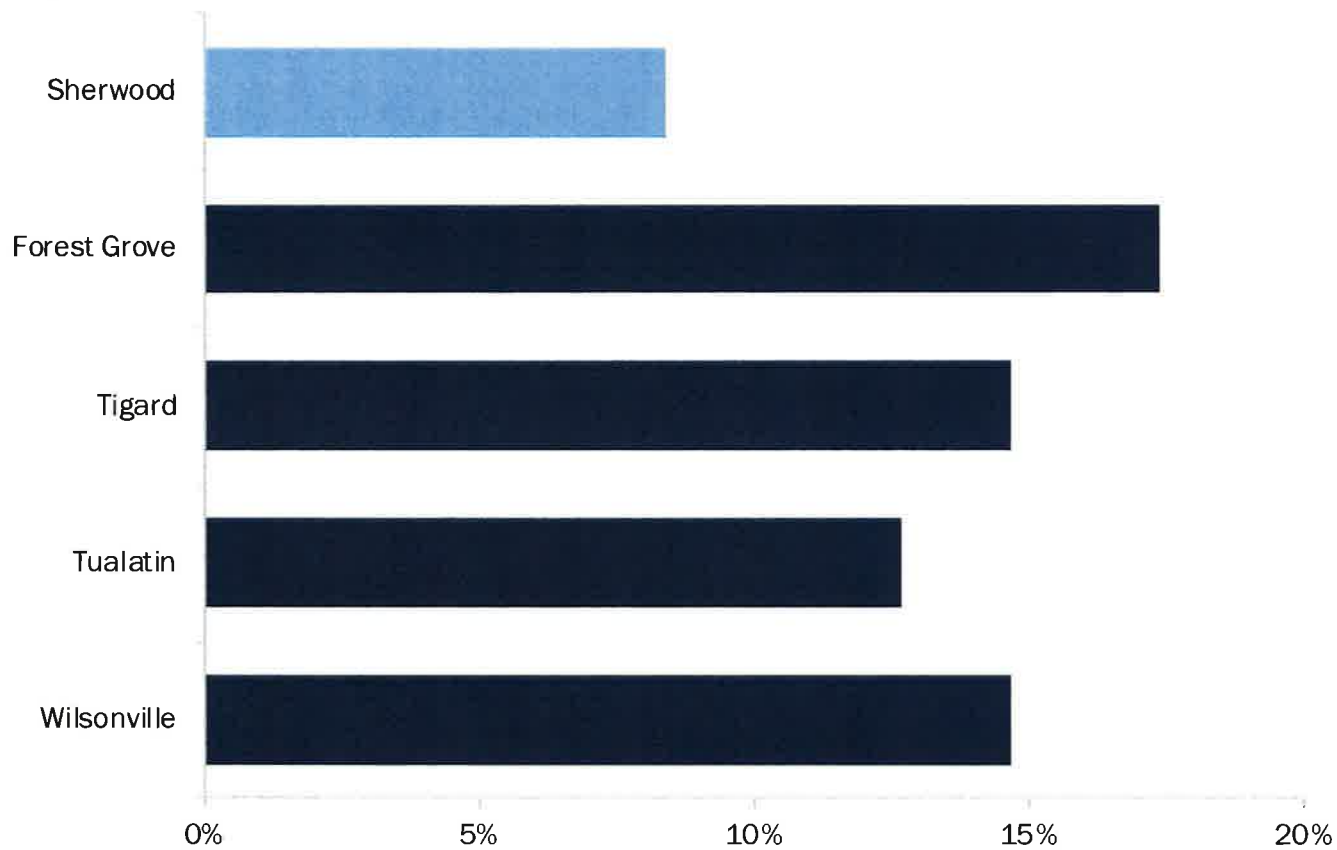
Source: 2012-2016 ACS, 5-year estimates

Commuting Flows in Sherwood



Source: 2015 U.S. Census Bureau, Census On the Map.

Commuting Patterns: Residents Living and Employed in the Same City, Sherwood and Peer Cities



Percent of residents living and employed in same city

Source: 2015 U.S. Census Bureau, Census On the Map.

Concentration of Industries and Employment in Sherwood

	High Employment	Low Employment
High Location Quotient	<ul style="list-style-type: none"> ▪ Waste Management and Remediation Services ▪ Specialty Trade Contractors ▪ Heavy and Civil Engineering Construction ▪ Machinery Manufacturing ▪ Merchant Wholesalers, Durable Goods ▪ Building Material and Garden Equipment and Supplies Dealers ▪ Amusement, Gambling, and Recreation Industries ▪ General Merchandise Stores ▪ Food and Beverage Stores ▪ Food Services and Drinking Places 	<ul style="list-style-type: none"> ▪ Construction of Buildings ▪ Real Estate ▪ Wholesale Electronic Markets and Agents and Brokers ▪ Plastics and Rubber Products Manufacturing ▪ Personal and Laundry Services
Low Location Quotient	<ul style="list-style-type: none"> ▪ Merchant Wholesalers, Nondurable Goods ▪ Miscellaneous Store Retailers ▪ Truck Transportation 	<ul style="list-style-type: none"> ▪ Professional, Scientific, and Technical Services ▪ Ambulatory Health Care Services ▪ Utilities

Potential Growth Industries in Sherwood

- Manufacturing
 - Technology and Advanced Manufacturing
 - Machinery Manufacturing
 - Clean Tech
- Wholesale
- Professional and business services
 - Software and Media
 - Clean Tech
 - Athletics and Outdoors
 - Other services
- Services for visitors
- Services for residents

Employment Growth and Land Need, 2018-2038

- Employment grows at 1.2% annually
 - 2,185 new jobs
- Industrial employment grows faster
- Largest growth in office and commercial services

Land Use Type	2018		2038		Change 2018 to 2038
	Employment	% of Total	Employment	% of Total	
Industrial	2,169	27%	3,088	30%	919
Retail Commercial	1,278	16%	1,441	14%	163
Office & Commercial Service	3,965	49%	4,941	48%	976
Government	697	9%	824	8%	127
Total	8,110	100%	10,294	100%	2,185

Source: 2016 employment data from Quarterly Census of Employment and Wages, State of Oregon

Employment Growth and Land Need, 2018-2038

- Employees per acre
 - Industrial: 15
 - Retail: 20
 - Office: 25
- Net-to-gross acres
 - Industrial: 11%
 - Commercial: 24%

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	809	15	54	61
Retail Commercial	139	20	7	9
Office & Commercial Services	771	25	31	41
Total	1,719		92	110

Commercial and Industrial Buildable Lands Inventory

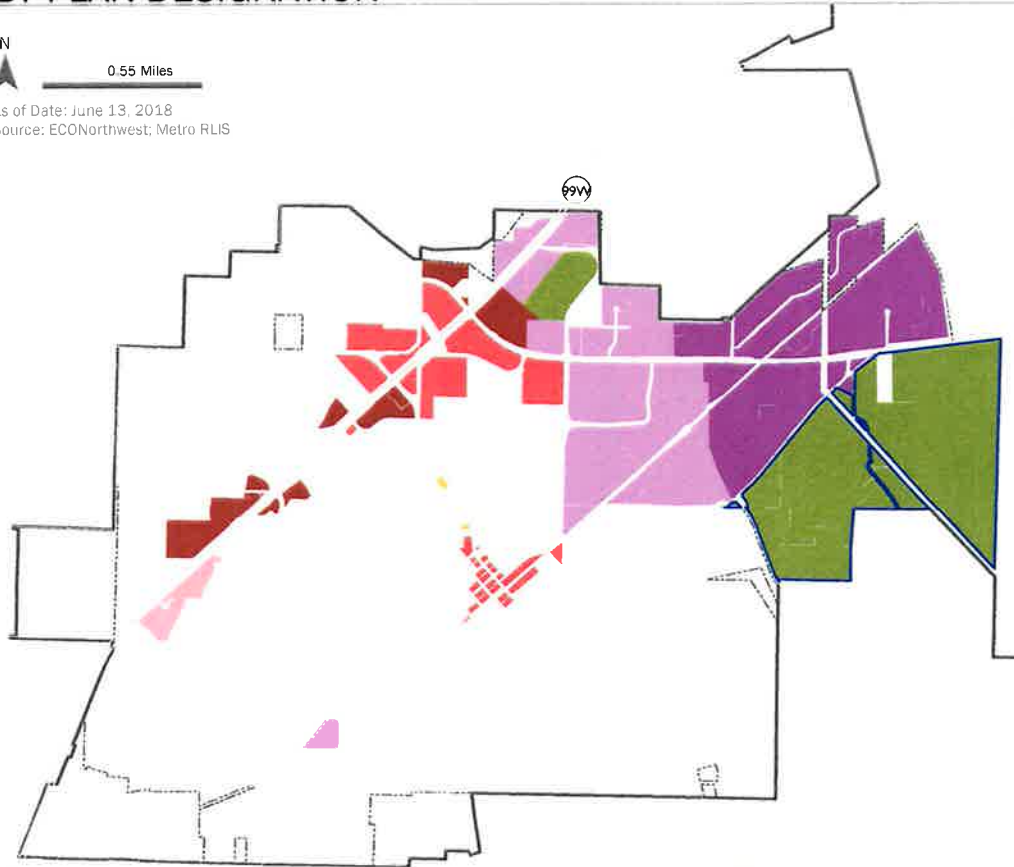
Methodology

- Start with Metro's Draft BLI from 2018
- All tax lots within Sherwood
 - Commercial and Industrial Plan Designations – city limits
 - Tonquin Area
- Classify lands to identify vacant, partially vacant, and potentially redevelopable land
- Remove land with constraints (environmental) from inventory of buildable suitable land
- Review by staff

SHERWOOD BLI 2018 COMMERCIAL AND INDUSTRIAL LAND BY PLAN DESIGNATION

N
0.55 Miles

As of Date: June 13, 2018
Source: ECONorthwest; Metro RLIS

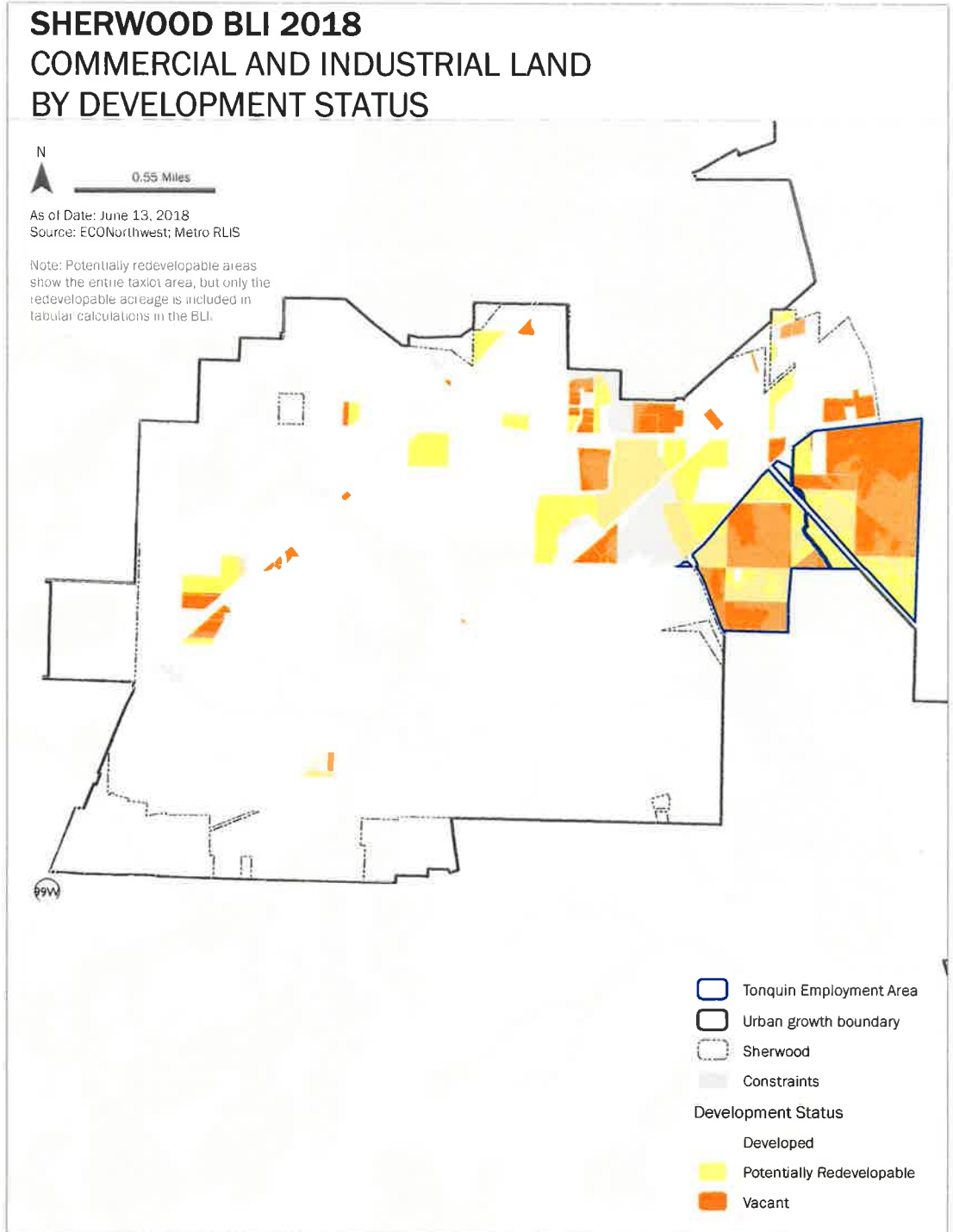


-  Tonquin Employment Area
-  Urban growth boundary
-  Sherwood
- Comprehensive Plan Designation**
-  General Commercial
-  Retail Commercial
-  Office Commercial
-  Neighborhood Commercial
-  General Industrial
-  Light Industrial
-  Future Development

Commercial and Industrial Suitable Buildable Land, excluding constraints

Suitable Buildable Vacant and
Partially Vacant: 141 acres

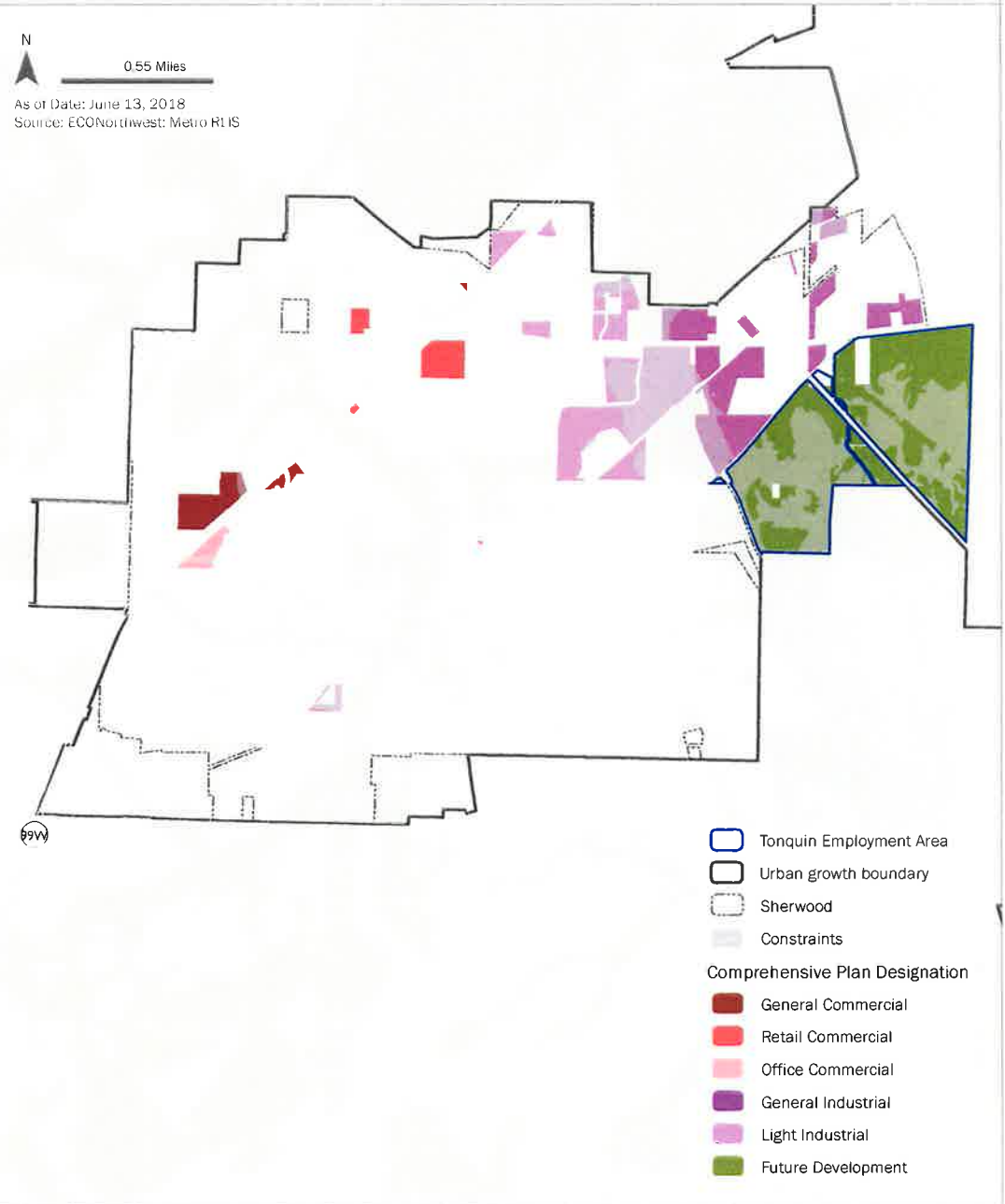
Potentially
Redevelopable: 101 acres



Commercial and Industrial Land with Development Potential, excluding constraints

Plan Designation	Unconstrained Potentially Redevelopable Acres	Unconstrained Vacant Acres
Commercial	13	14
General Commercial	7	8
Office Commercial	1	4
Retail Commercial	5	2
Industrial	49	45
General Industrial	29	27
Light Industrial	20	17
Tonquin	39	82
Future Development	39	82
Total	101	141
Percent of Total	42%	58%

SHERWOOD BLI 2018 VACANT AND POTENTIALLY REDEVELOPABLE COMMERCIAL AND INDUSTRIAL LAND



Suitable Buildable and by Plan Designation and Site Size

Plan Designation	Suitable Acres in Tax Lot (vacant, potentially redevelopable)				
		1 -	2 -	5 -	10 -
	<1	1.99	4.99	9.99	59.99
Acres					
Commercial	6	6	10	5	
General Commercial	4	2	4	5	
Neighborhood Commercial					
Office Commercial	2	1	3		
Retail Commercial	1	3	3		
Industrial	7	7	35	19	25
General Industrial	1	3	21	19	12
Light Industrial	6	4	14		13
Tonquin	2	6	24	34	56
Future Development	2	6	24	34	56
Subtotal	16	19	68	58	81
Taxlots					
Commercial	12	4	3	1	
General Commercial	8	1	1	1	
Neighborhood Commercial					
Office Commercial	2	1	1		
Retail Commercial	2	2	1		
Industrial	18	5	11	3	2
General Industrial	4	2	6	3	1
Light Industrial	14	3	5		1
Tonquin	6	4	6	5	1
Future Development	6	4	6	5	1
Subtotal	36	13	20	9	3

Employment Land Supply, Demand, and Sufficiency, 2018-2038

- 32-acre surplus of industrial land
- 27-acre deficit of commercial land
 - Some commercial in TEA and Brookman Area
- 122-acre supply of future development land (TEA)

Land Use Type	Land Supply (Suitable Gross Acres)	Land Demand (Gross Acres)	Land Sufficiency (Deficit)
Industrial	94	62	32
Retail Commercial	7	16	(9)
Office & Commercial Services	20	38	(18)
Future Development	122	-	-
Total	243	116	127

Conclusions

- Sherwood has enough employment land to accommodate industrial growth.
- Sherwood has a 27-acre deficit of land for commercial and retail uses.
 - Some capacity for commercial in TEA and in the Brookman Area
- Sherwood's wages are below average for the Portland Region and for the nearby cities of Tigard and Tualatin.
- Most new businesses will be relatively small and will require small and mid-sized sites.

Conclusions

- Sherwood will need to address key infrastructure needs in the City and in the development of the Tonquin Employment Area.
- Sherwood will need flexibility in its development code to provide opportunities for growing and developing businesses that both provide services and are related to manufacturing businesses.

Recommendations

- Align the City's goals for economic development with planning for infrastructure development.
- Identify opportunities to support existing businesses in Sherwood.

Recommendations

- Work with partners to develop a broad economic development strategy for Sherwood.
- Develop needed infrastructure in TEA
- Support infill and redevelopment of existing land, especially commercial land.

Comprehensive Plan Policies

Implementation Actions

Next Steps

ECONNorthwest

ECONOMICS • FINANCE • PLANNING



Eugene



Portland



Seattle



Boise

APPROVED MINUTES

City of Sherwood, Oregon
Planning Commission
September 11, 2018

Planning Commissioners Present:

Chair Jean Simson
Commissioner Doug Scott
Commissioner Mark Cottle
Commissioner Laurie Holm
Commissioner Justin Kai

Staff Present:

Julia Hajduk, Community Development Director
Erika Palmer, Planning Manager
Colleen Resch, Records Technician
Joy Chang, Associate Planner
Carrie Brennecke, Senior Planner

Planning Commission Members Absent:

Vice Chair Christopher Flores
Commissioner Daniel Matzinger

Council Members Present:

Council President Sean Garland

1. Call to Order/Roll Call

Chair Jean Simson convened the meeting at 7:00 pm.

2. Consent Agenda

a. August 28, 2018 Planning Commission Meeting Minutes approval

Chair Simson said she did not find the minutes in her packet and moved to table the item to the next meeting. The Commissioners agreed.

3. Council Liaison Announcements

Council President Sean Garland said the Police Department 9-11 Blood Drive was a success. He announced that Thursday is the Front Porch Celebration in honor of Sherwood's 125 anniversary. He stated the event has been moved inside the Center for the Arts due to weather. The City Council will meet on Tuesday, September 18, with a work session regarding the future of police staffing based on the staffing study. He said the Council will have three public hearings regarding code amendments.

4. Staff Announcements

Planning Manager Erika Palmer said the Planning Commission will have a joint work session with the Comprehensive Plan Update Citizens Advisory Committee (CAC) on September 26, at 6 pm in the Community Room to review the Housing Needs Analysis (HNA). The Planning Commission will have a joint work session with the City Council on Tuesday, October 2, at 5:30 pm to discuss the Economic Opportunities Analysis (EOA).

Ms. Palmer introduced Colleen Resch as the new Administrative Assistant in the Community Development Department. Community Development Director Julia Hajduk said due to budget changes the department experienced some reorganization and Ms. Resch will work in Community Development assisting the Building, Planning, and Engineering and as the Planning Commission Recording Secretary.

5. Community Comments

Eugene Stewart, 22595 SW Pine Street, came forward, commented on the traffic issues on Hwy 99W, and said the State, County and City have done a poor job of planning for the additional people. He said the first week of school caused additional problems. He stated there is not a good plan to gather statistics to show what is happening what the solutions are. He said part of the problem is the City does not have a plan for citizen involvement. He suggested neighborhood groups with committees. He commented on the practice of limiting testimony in public meetings to 4 minutes and said that is not enough time to get a point across. He said if there were citizen committees that met, they could form an opinion and forward that information to the Planning Commission along with their packet. He said goal 1 requires a citizen involvement plan and Sherwood does not have a plan.

Chair Simson said the Citizens Advisory Committee (CAC) is meeting regularly and encouraged Mr. Stewart and others to attend those meetings and bring his transportation concerns to the City Council.

There were no other community comments

6. New Business

1. Discuss and appoint a Planning Commissioner to the City's Charter Review Committee

Chair Simson said it is anticipated that Commissioner Scott will be elected to the City Council in November and unable to serve on the Charter Review Committee. Commissioner Scott recommended Commissioner Holm and she said she would be interested in serving on the Charter Review Committee.

Motion: From Commissioner Doug Scott to Appoint Commissioner Laurie Holm to the City's Charter Review Committee, seconded by Commissioner Mark Cottle. Motion passed 5:0. All present Planning Commissioners voted in favor. (Commissioner Flores and Matzinger were absent).

2. Landmark Advisory Board

a) Public Hearing LA 18-01 Sherwood Old Town Dental

Chair Simson read the public hearing statement and asked the Commission for any ex parte contact, bias or conflicts of interest. Receiving none, she asked for the staff report.

Associate Planner Joy Chang gave a staff report with a presentation (see record, Exhibit A). She said that under Section 16.164.010 Landmark Review the Planning Commission shall act as the Landmark Advisory Board and the designated review and approval authority for historic and cultural landmarks unless otherwise stated in that section. She stated due to a newspaper publication error and notification requirements, the Planning Commission opened this public hearing on August 14 and continued the hearing to September 11.

She stated the applicant proposes to change an existing dental office building by modifying its exterior with new siding, paint, windows and roof. The property address is 16043 SW Railroad Street in Sherwood's Old

Town and is located between SW Pine and SW Washington Street. The building fronts on SW Railroad Street and a secondary access can be obtained from the alleyway located northwest of the site. She said right-of-way improvements such as sidewalks and roadways exist along the frontage of the site. The total site area is approximately 5,000 square feet and is fully developed with an existing commercial building utilized as a Dental Office. The property is zoned Retail Commercial (RC) and is located in the Smockville area of the Sherwood Old Town Overlay. She stated a dental office is an allowed use with the RC zone and allowed within the Old Town (OT) Overlay.

Ms. Chang referred to the required approval criteria for the review, which includes Section 16.22 Commercial Land Use Districts, Section 16.162 Old Town Overlay, and Section 16.168 Landmark Alteration. She stated OT Overlay design standards have two parts: community design standards and Smockville or Old Cannery design standards. She referred to the OT Overlay map and said the southern area is the Old Cannery area and the northern is the Smockville design area. This site is within the Smockville design area and stated the general community design standard is that all exterior materials shall be earth tones per Section 16.162.070.H. The proposal is utilizing the colors of pure white, functional gray and urban bronze, which meets these standards.

Ms. Chang commented on the structures original elements and said per the applicant only a few of the original design elements of the structure are remaining after several remodels over the past 50 years. The proposed renovation will retain the hipped roof form, the street/pedestrian scale and the massing of the original construction. The original windows were removed and replaced in the late 1970s and new double-hung windows will be installed in all areas visible from the public right-of-way. The original chimney was removed and the chimney that is currently on the structure will be removed as part of this roof replacement. Skylights were added to the street-facing side of the roof in 1979 and will remain as part of this proposal. The original gutters were replaced at some point and the existing gutters will be replaced as needed. She said there are no original architectural details that have remained through past remodels. The renovated facades will incorporate typical vernacular trim details at windows and doors, porch posts, and water table. No original siding is visible and the current street-facing siding is diagonal cedar boards and stucco. The siding will be removed and replaced with a traditional lap and board and batten siding.

Ms. Chang commented on the front-facing presentation and said the existing skylights and plumbing vents will be kept in the current locations. The proposed alterations to the structure will not impact or relocate these two elements.

Ms. Change referred to the OT Smockville Commercial Structures design standards that have 12 components and seven of the 12 are applicable to this proposal. She said since the proposal consists of alterations to an existing building and no new commercial construction or additions are proposed, five of the standards are not applicable. The applicable components include: volume and mass, openings, vertical façade rhythm, sense of entry, roof forms, exterior surface materials, and front-facing presentation. She provided detail on how the applicable standards are satisfied.

Ms. Chang commented on volume and mass and said the proposed development will not modify the

existing building orientation, setback or width and modification to the existing entrance is not proposed. In terms of openings, the existing windows size and location remains unchanged. No additional windows are proposed and existing 35% glazing will remain unchanged. Prohibited opening types are not proposed. She referred to the vertical façade rhythm and said the existing windows create vertical bays and the window location and size will not change, meeting the multiple bay standard. The proposed alteration will create a horizontal bay with the addition of a bellyband and horizontal siding. The proposed corner boards will provide an edge definition. In regards to sense of entry, she noted the existing front entrance of the building, which is located on the side of the building, is clearly defined with a door that is at least 50% transparent. The entryway is architecturally integrated into the vertical and horizontal rhythms of the facade. She commented on roof forms and said staff has verified that the existing structure was originally a single-family dwelling constructed with a hipped roof. The proposed development will not alter the roof form, but will replace the roof with new shingles. The cost of changing the roof form, to meet traditional commercial roof form standard is not proportional to the proposed design alterations. In regards to exterior surface materials, she stated the residing project will consist of painted horizontal wood siding and painted board and batten. She referred to front-facing presentation and noted the proposed alterations do not alter existing skylights, roof or plumbing vents. The proposed changes are to the exterior of the building consisting of new siding, paint, windows and roof.

Ms. Chang said required public notices were completed and as of the start of this meeting, no public comments were received. Staff recommends approval of the proposed landmark alterations within the OT Overlay with conditions as identified in the staff report.

Commissioner Holm provided an edit to the staff report and said on page 3, Item 3 Agency Comments, the report states that Clean Water Services did not repond and she noted they did repond. Ms. Chang noted the change.

Chair Simson asked for testimony from the applicant.

Scott Grant, 16043 SW Railroad Street, came forward and said his wife is the Dentist in the building. He said they are requesting to update the siding on the building.

With no questions for the applicant, Chair Simson opened the public hearing.

Eugene Stewart, 22595 SW Pine Street, came forward and stated the original historical significance to the site is it was a blacksmith shop. He questioned why this is listed with the Oregon Historical Society since it has had such significant renovations. He said the list should be reviewed and said some sites are listed twice. He stated when he reroofed and resided his building, the Planning Director simply approved his request. He said it does not make sense that the applicant had to go through this process. He suggested the Planning Commission recommend to the City Manager that they refund the applicants fees as they are simply upgrading the building. He said the definition of Historical Board needs to be reviewed and it says the board includes members of the Planning Commission and he asked how many other members does the Historical Board have. He suggested the Planning Commission revise the code and make this process

simpler.

Chair Simson referred to Mr. Stewart's comments and said the Commission cannot address the process that is in the code at this hearing and said they are obligated by law to follow the code. She said Ms. Chang addressed Section 16.164.010 that designates the Planning Commission as the Landmark Advisory Committee.

Ms. Hajduk referred to the most recent OT Overlay Standards that states that any structure in Old Town is considered a historic landmark. She stated Mr. Stewart's residing was done prior to the most recent update, which is why he did not have to go through this process. She said the intent is to ensure that things of historical significance are maintained and new things are built in the character of Old Town.

Chair Simson asked for applicant rebuttal. The applicant declined an opportunity for rebuttal or additional testimony with his remaining time and agreed with the conditions of approval as outlined in the staff report.

Chair Simson closed the public hearing.

Commissioner Scott thanked the applicant and staff for their efforts and said he understands the intent of the code, but also understands there is opportunity to clean up the code.

With no other questions or comments, the following motion was received.

Motion: From Commissioner Holm to approve the application for Sherwood Old Town Dental LA 18-01 based on the applicant testimony, public testimony received, and the analysis, finding, and conditions in the staff report with the following modification: whereas under section 3 of agency comments, Clean Water Services is removed from the last paragraph, seconded by Commissioner Mark Cottle. Motion passed 5:0. All present Planning Commissioners voted in favor. (Commissioner Flores and Matzinger were absent).

7. Planning Commissioner Announcements

Commissioner Cottle commented on the public hearing and said the City should be encouraging landowners in Old Town to make these types of improvements and make the process less onerous. He asked staff if the Planning Commission needs the City Council's direction to review the process. He said this approval process should be done at a staff level. Ms. Hajduk said updating the Old Town Overlay Standard has been on the list of staff projects for years. She said through the Comprehensive Plan process staff envisions some implementation and yes, if staff is directed, they will make it a priority.

Chair Simson asked if the applicant should approach the City Manager regarding the fee refund. Ms. Hajduk said City Council has the authority to waive fees.

8. Adjourn

Chair Simson adjourned the meeting at 7:39 pm.

Submitted by:

Colleen Resch

Colleen Resch, Records Technician

Approval Date: 10.09.18

City of Sherwood, Oregon
Planning Commission Work Session
September 11, 2018

Planning Commissioners Present:

Chair Jean Simson
Commissioner Doug Scott
Commissioner Mark Cottle
Commissioner Laurie Holm
Commissioner Justin Kai

Staff Present:

Julia Hajduk, Community Development Director
Erika Palmer, Planning Manager
Colleen Resch, Records Technician
Carrie Brennecke, Senior Planner

Planning Commission Members Absent: Council Members Present:

Vice Chair Christopher Flores
Commissioner Daniel Matzinger

Council President Sean Garland

WORK SESSION

Chair Simson called the meeting to order at 7:40 pm.

1. Introduction to Economic Opportunities Analysis

Senior Planner Carrie Brennecke provided the Commission with a memorandum from EcoNorthwest addressed to the Technical Advisory Committee (TAC) and Citizens Advisory Committee (CAC) regarding Sherwood's Economic Development Strategy and two enlarged maps that were in the packet (see record, Exhibit A). Chair Simson said this memorandum replaces the document in the packet starting on page 116. Ms. Brennecke presented a PowerPoint presentation on the Economic Analysis (EOA) and Economic Policies (see record, Exhibit B).

Ms. Brennecke said the City applied for and received a grant from the Department of Land Conservation and Development (DLCD) in December 2017 to complete the background documents for the Comprehensive Plan Update and draft associated comprehensive plan policies. The funds assist the City in complying with Oregon Statewide Planning Goals 9 and 10. She said the background documents include an EOA, Comprehensive Plan Economic Policies, and Comprehensive Plan Housing Policies. She stated the City drafted an update to the Housing Needs Analysis in November 2017, which will be reviewed as part of this process. She said the background documents will be adopted by reference into the Comprehensive Plan and is required by the State.

Ms. Brennecke referred to the EOA and said the City is legally required under Statewide Planning Goal 9 to do an EOA, have industrial and commercial development policies, identify land deficits, and designate lands for employment. She said the City is also required to understand existing conditions and forecast for the future conditions. She commented on the EOA work program and said an inventory of buildable commercial and industrial land and a forecast of employment growth has been completed. She said the next step is to update economic development strategies and policies.

Ms. Brennecke referred to page 8 Covered Employment and Average Pay by Industry in Sherwood and noted covered employment only covers about 70% of the employment. She said the average wage in

Sherwood is approximately \$38,000 a year as opposed to the average wage in Washington County, which is approximately \$82,000 a year. She said the primary reason for lower wages in Sherwood is the mix of jobs with retail and food service having the largest share of employees. She said the average pay in Sherwood is equivalent to Forest Grove, but lower than the Portland region, Tigard, and Tualatin. She stated the median household income in Sherwood is approximately \$82,000, which is higher than the Portland region, Forest Grove, Tigard, Tualatin and Wilsonville.

Ms. Brennecke commented on the commuting flows in Sherwood and said approximately 5,000 come into Sherwood for work and 8,300 leave to work and less than 1,000 stay in Sherwood for work, which equates to 8%. She referred to commuting patterns and said Sherwood has less residents living and employed in the City than the neighboring communities. She commented on high concentrations of industries and employment in Sherwood and said they include waste management, specialty trade contractors, heavy and civil engineering construction, machinery manufacturing, and merchant wholesalers and durable goods. She said low concentration industries and employment in Sherwood include professional, scientific, and technical services, ambulatory health care services, and utilities. Ms. Brennecke said according to the information gathered and combined with information from Greater Portland Inc., the potential growth industries in Sherwood include manufacturing, wholesale, professional and business services, and services for visitors and residents.

Commissioner Cottle referred to attracting new businesses and asked if the problem is poor transportation. Ms. Brennecke said one of Sherwood's largest disadvantages is the distance from I-5 and other interstates.

Chair Simson commented on page 13 Concentration of Industries and asked why government and schools are not included in the analysis.

Ms. Brennecke referred to employment growth and land need from 2018-2038 and said staff used a safe harbor forecast rate of 1.2% annually. Chair Simson asked if there will be an opportunity to change the forecasted rate. Ms. Hajduk said these conversations will continue throughout this process. Ms. Brennecke said in 2018 Sherwood's industrial employment sector is 27%, retail commercial is 16%, office and commercial services is 49%, and government is 9%. She said the prediction for 2038 is the industrial employment sector is 30%, retail commercial is 14%, office and commercial services is 48%, and government is 8%. She said this predicted growth equates to 2,185 new jobs in Sherwood over the next 20 years based on the safe harbor forecast rate.

Ms. Palmer discussed the buildable land inventory and staff used the draft Buildable Land Inventory (BLI) 2018 map from Metro and classified land as vacant, partially vacant, and potentially redevelopable. Commission Cottle asked why staff did not consider Sherwood West. Ms. Palmer said Sherwood West is not within the Urban Growth Boundary (UGB) and by law cannot be included in the analysis.

Ms. Palmer referred to the commercial and industrial land by plan designation map and said there are approximately 141 suitable buildable acres and potentially 101 redevelopable acres. Chair Simson asked if the map will be revised before it is adopted to include the changes in the Tonquin Employment Area. Ms. Brennecke said no because the area is not annexed into the City yet and there are not land use applications.

Ms. Palmer referred to the suitable buildable land by plan designation and site size and said most of the tax lots are 10 acres and smaller and there are only three tax lots that are above 10 acres in size. Ms. Hajduk questioned the information and asked staff to research this further. Ms. Brennecke said in discussions with Greater Portland Inc. a number Sherwood's target industries need 5 acre lots. Ms. Palmer commented on land supply and demand of land use types for 2018-2038, said industrial land has a 32 acre surplus, and commercial land has a 27 acre deficit.

Ms. Brennecke said the conclusions are that Sherwood has enough employment land to accommodate industrial growth and has a 27 acre deficit of land for commercial and retail uses. She noted Sherwood's wages are below average for the Portland Region and for the nearby cities of Tigard and Tualatin. She said most new businesses will be relatively small and will require small and mid-size sites. Sherwood will need to address key infrastructure needs in the City and in the development of the TEA. Sherwood will need flexibility in its development code to provide opportunities for growing and developing businesses that both provide services and are related to manufacturing businesses. Discussion followed.

Ms. Brennecke said the recommendations include aligning the City's goals for economic development with planning for infrastructure development, identify opportunities to support existing businesses in Sherwood, work with partners to develop a broad economic development strategy, develop needed infrastructure in the TEA, and support infill and development of existing land, especially commercial land.

Ms. Brennecke referred to the Sherwood Economic Development Strategy on page 116 of the packet and provided the Commission with an edited version at the beginning of the work session (see record, Exhibit A). She said the edits are changes by EcoNorthwest based on recommendations from the TAC and CAC during their meeting on August 29. She commented on the Economic Development Vision and said this vision will be refined through continued public discussions. Commissioner Scott asked why the vision specifically refers to the gateway to wine country and the rest of the vision is general. Ms. Brennecke said this is changing and she referred to policy 3 and said they are focusing on destinations and experiences for residents and visitors.

She referred to the Economic Development Policies and Actions and said these have been narrowed down to three policies. She asked the Commission to review the policies and provide staff with feedback. She said the Planning Commission comments will be added to Sherwood Economic Development Strategy and an edited version will be provided at the October 2 joint work session with the City Council. She asked the Commissioners to provide the information by September 18. She read an updated draft of the vision statement which reads, "In 2040, the Sherwood economy has grown to include a variety of businesses big and small that offer stable employment opportunities, higher wage jobs, and expanded the tax base to protect and maintain Sherwood's quality of life. Sherwood is a gateway to wine country and provides great destinations and experiences for both residents and visitors". She said the gateway to wine country is still included because of all the community input they have received. She stated this will be readdressed with the CAC. Discussion followed.

Ms. Brennecke said the first policy is *Land Availability and Management*, which states "The City will plan for a 20-year supply of suitable commercial and industrial land on sites with a variety of characteristics and manage the supply of employment land to make most efficient use of commercial and industrial land". She said the CAC added the objective to monitor and replenish the supply of commercial and industrial

land on a regular, periodic basis. The second policy is *Infrastructure Support*, which states “Provide adequate infrastructure to support employment growth, with a focus on the Tonquin Employment Area”. The third policy is *Existing Business Retention, New Business Development, and Attraction of New Businesses*, which states “The types of businesses the City wants to attract most are non-polluting businesses with wages at or above the Washington County average, such as industries identified in the Economic Opportunities Analysis”. She commented on the objectives and asked the Commissioners to review and provide feedback. Discussion followed. Commissioner Holm asked staff for a soft copy of Exhibit A. Chair Simson suggested adding language regarding a balanced tax base.

Ms. Brennecke commented on sherwood2040.org and said the survey is evolving and encouraged residents to get involved. She said tradeoffs will be discussed at the Vision Summit II on October 29 at the Center for the Arts. Commissioner Kai suggested presenting the tradeoff of affordability versus desirability and said community input on this issue would be helpful.

Discussion followed about merits of joint work sessions with the City Council throughout this Comprehensive Plan Update process. Ms. Hajduk said staff is responsible for coordinating joint work sessions at the appropriate time in the process to be the most efficient and effective.

With no further discussion, Chair Simson adjourned the work session.

The work session ended at 9:21 pm.

Submitted by:



Colleen Resch, Records Technician

Approval Date: 10.09.18