



URA RESOLUTION 2023-003

AUTHORIZING SUBMITTAL OF AN INDUSTRIAL LANDS TECHNICAL ASSISTANCE GRANT APPLICATION TO BUSINESS OREGON FOR INFRASTRUCTURE AND DEVELOPMENT PLANNING IN THE TONQUIN EMPLOYMENT AREA'S DAHLKE CORRIDOR

WHEREAS, Economic Development is a key priority of the City in order to balance the City's tax base and provide living wage jobs;

WHEREAS, the Tonquin Employment Area is within the City's urban growth boundary and is a key employment growth area with approximately 300-acres of employment land; and

WHEREAS, the Tonquin Employment Area Concept Plan was adopted by the Sherwood City Council in 2010 via Ordinance 2010-014; and

WHEREAS, many of the frontage sites of the Tonquin Employment Area have been developed or have received land use approval, including the Tualatin-Sherwood Corporate Park, Sherwood Commerce Center, Oregon Street Business Park, and Willamette Water Supply Treatment Plant; and

WHEREAS, the central portion of the Tonquin Employment Area, otherwise known as the Dahlke Corridor, has not seen the same development interest and requires additional planning to encourage private investment and create jobs; and

WHEREAS, the URA Board approved URA Resolution 2023-002 Authorizing Kittelson & Associates to complete the final design of SW Ice Age Drive with an estimated construction start date of 2024; and

WHEREAS, the public infrastructure required within the Dahlke Corridor can now be refined based on the alignment of Ice Age Dr.; and

WHEREAS, Business Oregon has developed a pilot grant program called the Industrial Lands Technical Assistance Grant, awarding grants between \$25,000 - \$100,000 to public entities including cities; and

WHEREAS, the intent of the Industrial Lands Technical Assistance Grant program is to incentivize economic growth by financially assisting site readiness activities, which will strengthen the state's position to attract new investment, economic development, and livable-wage employment.

WHEREAS, the City wishes to apply for a grant to create the Dahlke Corridor Development Plan, intended to identify infrastructure alignments and requirements for the Dahlke Corridor, maximize development and job potential within the corridor, and reduce overall development timelines for four (4) tax lots in the corridor.

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

Section 1. The Agency Manager is hereby authorized to submit a grant application to Business Oregon for the Industrial Lands Technical Assistance Grant in substantially the same form as provided in Exhibit A.

Section 2. The requested grant amount is for \$50,000 and if awarded, the URA will provide a match of \$28,000 to complete the project.

Section 3. This Resolution shall be effective upon its approval and adoption.

Duly passed by the Urban Renewal Agency Board this 18th day of April 2023.



Tim Rosener, Chair

Attest:



Sylvia Murphy, MMC, Agency Recorder

FIRST DRAFT GRANT APPLICATION

Section 1A - Applicant

Entity Name: City of Sherwood, Oregon
Entity Type: City Government
Street Address: 22560 SW Pine Street, Sherwood OR 97140
Mailing Address: 22560 SW Pine Street, Sherwood OR 97140
Office Phone: 503.625.4206
Web URL: <https://www.sherwoodoregon.gov>

Section 1A – Primary Contact

Name: Bruce Coleman
Title: Economic Development Manager
Phone: 503.625.4206 Direct; 503.217.9012 Cell
Address: 22560 SW Pine Street, Sherwood, OR 97140
Email: colemanb@sherwoodoregon.gov

Is the applicant the property owner? NO

If NO, is the applicant a municipal partner responsible for management and promotion of the site/area: YES

Section 2: Project Information

Project Name: Dahlke Corridor Development Plan

Project Description

Background

The Dahlke Lane Industrial Corridor is located within the City of Sherwood’s approximately 300-acre Tonquin Employment Area (TEA) which has been designated by the City since 2010 for the development of new industrial parks. The TEA is bounded by SW Tualatin-Sherwood Road on the north, SW 124th Avenue on the east, SW Oregon Street on the west, and SW Tonquin Road and the Urban Growth Boundary on the south. It is entirely within the City’s UGB. There are approximately 250-acres of potentially developable industrial land within the TEA. Previous planning efforts include the TEA Concept Plan (2010) and the TEA Implementation Plan (2015) which identified high level development opportunities and constraints, transportation improvements, and infrastructure planning. As noted below, the boundary areas of the TEA near existing infrastructure have been developed or have received land use approval for new development while the “interior” of the TEA (i.e. Dahlke Corridor) requires further planning and coordination to spur private investment and job creation.

Over the past 4 years, the City of Sherwood has annexed approximately 185 acres of the TEA for new industrial park development. Since then, the City has experienced strong industrial park growth demands along the frontage areas of SW Tualatin-Sherwood Road, SW Oregon Street, SW 124th Avenue,

and Tonquin Road of the TEA - in close proximity to road and utility infrastructure. This is evidenced by a number of new industrial developments underway along the frontage areas of the TEA. The Trammell Crow Company has recently completed the development of the new 478,000 SF speculative development known as Tualatin-Sherwood Corporate Park (TSCP) on SW Tualatin-Sherwood Road and SW 124th Avenue - which has now recently been leased to Semiconductor and Advanced Manufacturing companies. In addition, Schnitzer Properties has just received building permits from the City and has begun construction of the first phase of the Sherwood Commerce Center (SCC) consisting of 445,000 sf of new speculative industrial space.

The Dahlke Lane Industrial Site ("Dahlke Site") consists of four (4) properties totaling approximately 35-acres located in the interior area of the TEA that has not yet developed due to the need to extend major road and utility infrastructure into this area, as well as various development constraints which need to be overcome and the need for site assembly. Due to the recent successes that the City has experienced in attracting significant new industrial development on the adjacent frontage properties in the TEA, the extremely low industrial vacancy rate in Greater Portland, and lack of developable larger industrial sites of 25-acres or greater in the Portland Metro Area, the City is experiencing increasing developer interest in the Dahlke Site. It is clear from the City's discussions with these developers and brokers, that the City needs to comprehensively plan this area for new industrial parks and to work proactively in partnership with the property owners and developers to facilitate such development.

The City is requesting this Business Oregon Industrial Lands Technical Assistance Grant to prepare the Dahlke Corridor Development Plan. The preparation of this Plan will put the City in a position to create a new approximately 35-acre site that could accommodate as much as 450,000 SF of new industrial park development featuring tenants in key traded sectors.

Proposed Scope of Work: Dahlke Lane Development Plan

The City is seeking a Technical Assistance Grant from Business Oregon for two studies intended to move the Dahlke Site towards industrial development and attract near-term private investment by 1) identifying a preferred alignment for SW Dahlke Ln. and associated public utilities to provide certainty to developers interested in the Dahlke Site 2) maximize development and job potential on the site and 3) reduce development timelines. To achieve these outcomes, the City is requesting \$50,000 from Business Oregon with a \$28,000 match from the City of Sherwood Urban Renewal Agency to complete the following studies, collectively known as the Dahlke Corridor Development Plan:

- Dahlke Corridor Alignment Study - 30% utility engineering design for the Dahlke Corridor including transportation, water, sanitary sewer, and storm sewer. Identify, study and rank a minimum of 3 different alignment options for SW Dahlke Lane and commercial access. Delineate one 0.59-acre wetland and the associated buffers. Identify environmental & construction permit requirements. Conduct stakeholder & property owner interviews. Prepare cost estimates.
- Dahlke Site Planning Opportunity and Constraints Study - Evaluate potential environmental, natural, cultural, or tribal resources on the lots that could impact development. Evaluate slopes, natural resources, and utility encumbrances that should be avoided or require mitigation to prepare the site for industrial development. Perform a detailed on-site opportunities and constraints analysis using the evaluations mentioned above and with consideration for potential economic impacts of different land-use scenarios. Perform site planning work to build on conceptual plans created for the Metro Industrial Site Readiness Toolkit Project.

This scope of work is timely given the City's current planning work in the area. The City's Urban Renewal Agency (URA) is completing a 100% design study for SW Ice Age Dr., the Tonquin Employment Area's primary east-west roadway and freight corridor. Ice Age Dr. will transect the southern boundary of the Dahlke Site from east to west, providing access to Interstate 5 via SW 124th Ave. Construction of the road will begin in early 2024 with funds from the City's URA, System Development Charges, and a grant from the Federal Highway Administration. Dahlke Ln., running north to south, will connect to SW Ice Age Dr. as a key local street serving the Dahlke Site. This grant will identify the preferred alignment for Dahlke Ln., considering existing conditions and encumbrances. Given the constrained nature of the corridor (i.e. regional power lines, wetland, limited existing infrastructure), the Dahlke Corridor Development Plan will provide a clear path toward land use and engineering approval for interested developers, saving time by providing certainty at their due diligence phase and reducing permit timelines through all phases of permitting and development.

The Site Planning Opportunity and Constraints Study will build on a high-level site plan developed by the City shown in Exhibit A2. This site plan is being used as part of Metro's Industrial Site Readiness Toolkit Project with a focus on evaluating the financial performance of the conceptual site plan and identifying funding mechanisms to close any existing gaps in the pro-forma. The site plan shown in Exhibit A2 was developed at a high level and does not take into account site opportunities and constraints with accuracy or detail. The requested funds will be used to perform non-invasive studies that result in a more accurate representation of existing conditions and site opportunities and constraints to build on conceptual plans created for the Metro Industrial Site Readiness Toolkit Project. The pro-forma can be revised based on this study.

Section 3: Site Information

Site/Area Name (if available): Dahlke Lane Industrial Site

Project Location: The Dahlke Lane Industrial Site ("Dahlke Site") is located in the interior of the Tonquin Employment Area (TEA). The TEA is bounded by SW Tualatin-Sherwood Road on the north, SW 124th Avenue on the east, SW Oregon Street on the west, and SW Tonquin Road/UGB on the south. The TEA itself is part of the dynamic Tualatin-Sherwood/South I-5 Industrial Submarket. The four (4) subject properties are currently located in Washington County and will be annexed to the City of Sherwood prior to development.

Latitude/Longitude: 45.36053/122.81189

General Description of the Site/Area: The Dahlke Corridor and Site comprised of four (4) tax lots totaling approximately 35-acres and is located within the interior of the Tonquin Employment Area. Three regional power lines run diagonally through the site from the northwest to southeast. A variety of uses are present on the site including residential, industrial, and outdoor storage of equipment and vehicles. There are no known wetlands or floodplain on site, however, a 0.59-acre wetland is located on a city-owned property within the potential alignment of Dahlke Lane. Portions of the site are forested with mature tree canopy. Some slopes exist on the site with the steepest areas at the eastern boundary. A majority of the site features slopes of less than 10%. A small portion of the site features slopes over 25%. Site leveling will be required to accommodate future industrial development, as is common for many sites within the TEA. Access is taken from Dahlke Lane, a highly substandard unmaintained County

road. The Dahlke corridor lacks the basic infrastructure necessary for the development of modern industrial parks. An existing conditions map is provided as Exhibit A1.

What is the name of the local jurisdiction that will be issuing building permits and land use decision for the site/area? The City of Sherwood - upon annexation

Is part of the site/area in another jurisdiction, like partially in the county or another city? YES

If Yes, please explain: The Dahlke Site is currently located in Washington County and will be annexed to the City prior to development

Is the site/area located in the Urban Growth Boundary: YES

if No, are there plans to bring the site/area into the Urban Growth Boundary: N/A

Total acres included in the project: 35

Developable Acres: 24

Potentially Buildable Square Feet: 450,000 SF

How many full time jobs could be accommodated on this site/area: 600

Section 3. What is the zoning designation, existing uses and previous use/s of the site/area?

The Dahlke Lane Industrial Site is currently located in the UGB and is governed by Washington County. At present, it is zoned Future Development 20 Acre District (FD-20) by the County. The County's FD-20 zoning recognizes the desirability of encouraging and retaining limited interim uses until the urban comprehensive planning for future urban development of these areas is complete, in this case for industrial / employment land.

Once annexed, the Dahlke Site will be zoned by the City of Sherwood as "Employment Industrial (EI)". The EI Zoning District is intended to promote the development of new employment areas that are suitable for and attractive to key industries and industry clusters that have been identified in the City's current Economic Opportunities Analysis such as semiconductors/electronics, cleantech, machinery manufacturing, and other advanced manufacturing technology-focused companies to meet the needs of the city and region. The EI zoning establishes that new development will meet the City's industrial development standards.

The Site is currently significantly underdeveloped and includes a mix of scattered older buildings (including individual residential structures), contractor storage yards and a vehicle storage area. Portions of the TEA have been in agriculture, but it does not appear the Dahlke site was ever cultivated. The site has been undeveloped and forested in large part throughout the 1900s and early 2000s.

The Dahlke Site is bisected by Bonneville Power Authority and PGE power lines that are in right-of-way and easements which generally run from northwest to southeast through the Dahlke Site. Dahlke Lane itself is an unimproved highly substandard and unmaintained County road which provides very challenging current access.

Is the site/area considered a Brownfield or have areas of environmental concern that need mitigation? YES

If YES, please explain: Portions of the site are currently being used for outdoor vehicle and truck storage which may require mitigation.

Has the site/area had a wetland delineation completed in the last five years? No

If YES, what were the outcomes and how many acres of wetlands were determined to need mitigation? The 2015 TEA Implementation Plan identified at a high-level a 0.59-acre wetland on the west side of Dahlke line near the site. While the wetland is not located within the four subject tax lots, it is in the area of the future Dahlke alignment and requires further study. The plan did not identify the precise extent, type, or habitat quality of the wetland. Funding is requested to further study this wetland and protection or mitigation options.

Is there a option for onsite mitigation or is there another area designated for mitigation? Mitigation of the wetland will likely need to occur off site within the Tualatin River basin.

Please check any environmental studies that have been conducted and provide, if available.

- **Environmental Site Assessment (ESA);**
- **Hydrologic/Wetland Delineation;**
- **Rare/Threatened or Endangered Species;**
- **Cultural Resources (archeological review);**
- **Geotechnical Study**
- **Air Quality**
- **Weather and Natural Disaster Information**
- **Flood and Tsunami Inundation zones**

<u>Transportation Information</u>	<u>Direct Access</u>	<u>Distance in Miles</u>	<u>Potential to Connect</u>
1. Highway/Interstate Access	NO	3 Miles-I-5; 1.5 Miles Hwy 99W	NO
2. Rail Access	NO	Not rail served	NO
3. Waterway Access	NO	Port of Portland	NO
4. Regional Comm'l Airport	NO	Hillsboro Airport; 18 miles	NO
5. International Airport	NO	Portland Int'l Airport; 22 Miles	NO

Section 3. Is there water and sewer infrastructure available to the site/area? NO

If NO, please explain the challenges in serving the site/area

At present there is no public sewer or water main infrastructure to the site. The City is currently under contract with Kittleson & Associates to prepare the 100% design for a new industrial collector road known as Ice Age Drive. Construction will begin in 2024 and be completed in 2025. Ice Age Drive has long been identified by public and private stakeholders as the key to unlocking the Tonquin Employment Area as a whole for private industrial park development. Once complete, Ice Age Drive will connect SW Oregon Street with SW 124th Avenue providing an alternative east-west route to SW Tualatin-Sherwood Road. While Ice Age Drive will create the east-west road access and utilities necessary for the

development of the TEA, it will only serve the very southern portion of the Dahlke Site. It will not address the need for additional access and utility improvements to facilitate the full development of the Dahlke Site. Dahlke Lane provides the only direct access to the Dahlke Site and is a highly sub-standard unmaintained County road which needs to be entirely re-built, together with the construction of the necessary public utility systems. For that reason, the City is requesting this Business Oregon grant for the preparation of the Dahlke Corridor Development Plan which will define the alignment and the improvements needed to re-construct the current Dahlke Lane into a standard city industrial roadway – along with the utilities that need to be constructed to serve the Dahlke Site.

This work will build on the 2015 TEA Implementation Plan by completing infrastructure planning that accounts for parcelization, powerline encumbrances, and a 0.59-acre wetland within the Dahlke corridor. Due to these infrastructure challenges, the proposed Dahlke Corridor Development Plan will 1) identify a preferred alignment for SW Dahlke Ln. and associated public utilities to provide certainty to developers interested in the Dahlke Site 2) maximize development and job potential on the site given the constraints and 3) reduce overall development timelines.

If Yes, is the site already served by this infrastructure or could it be served within six to 12 months? NO

Section 3. Is there sufficient access to other utilities such as power, natural gas, raw water/water rights, onsite wastewater treatment, fiber optic options or any other unique aspects ?

As was previously indicated, at present there are no water or sanitary sewer public mains and no storm drainage facilities serving the Dahlke Site. All these improvements will need to be master planned as part of the Dahlke Corridor Development Plan. While the Ice Age Drive construction project will include the installation of water, sanitary sewer, fiber optic to the far southern section of the Dahlke Site, the proposed Development Plan will define how the remainder of the Dahlke Site can be served.

The City has worked to establish strong partnerships with PGE, Northwest Natural, Clean Water Services and the various fiber optic providers which was crucial for the current development of the areas of the TEA. The City has a practice of regularly and pro-actively reaching out to our utility partners to ensure quality and effective economic development and land use planning. They are thoroughly familiar with the City's economic development goals and projects. As we prepare the Dahlke Corridor Development Plan, the City will again work with each of the utilities to master plan the Dahlke Site. As part of the planning process, the City will seek to locate the public sewer, water, storm water, electric, natural gas, and fiber optic providers within the Dahlke Road right-of-way as much as possible to maximize developable areas. All work will be conducted in accordance with the City's water master plan, stormwater master plan and sanitary sewer master plan and TSP that provide for the expansion of utilities to serve the Dahlke Site.

The City recognizes that fiber optic services are very critical as Sherwood plans the Dahlke Site. Sherwood offers a unique city-owned and operated fiber optic network service, known as Sherwood Broadband, which serves many businesses in Sherwood and the Portland metro area.

Section 3 – BUDGET

Estimated Cost of the Project: \$78,000

How was the project estimate determined (consultant/city engineer, etc)? City Engineer's estimate

Estimated project completion date (12 month max): 6 months

Budget Table (See Exhibit E2)

<u>Project Activity</u>	<u>Total Estimated Cost</u>	<u>Grant Portion</u>	<u>Other Funding</u>
<u>Committed (See Exhibit E2)</u>			

SECTION 4 – SITE CHARACTERISTICS

Section 4 – What are the site characteristics that provide significant competitive advantage for the Semiconductor and/or Advanced Manufacturing Industries?

The Tualatin-Sherwood Industrial Submarket has quickly become one of the most sought-after areas for Portland manufacturing/industrial companies. Both cities lie within the prime I-5 South Corridor of Greater Portland - which is the region's second largest submarket. According to JLL, this submarket is even starting to gain ground on the region's premier industrial submarket. The city of Sherwood and its neighbor, Tualatin, have become an major area of choice for large institutional investors and corporate users with some of the largest owners such as Modlo and PacTrust becoming highly active in this submarket. There are over 720,000 SF of new industrial developments under development in the I-5 South Corridor - all of which are within Sherwood and Tualatin. This accounts for over 30% of supply under development in the entire Portland Region market. This submarket has seen such an incredible amount of new construction to the point where the average property age of the industrial buildings is 15 years younger than the rest of the Portland market. Over 96% of all new development dating back to 2015 is fully leased, showing continuous strong demand in this submarket. Vacancy in this submarket is currently 3.2%.

With the rapid industrial growth of the prime frontage land in the Tonquin Employment Area (TEA) over the past four years, the Dahlke Site is now one of the key remaining infill sites for new industrial park development needed to complete the TEA and, as is explained elsewhere in this application, is now being considered by developers looking to "create" new sites in an extremely tight industrial market. With the support of Business Oregon, the opportunity exists to spearhead the development of the Dahlke Site in partnership with the City of Sherwood through the proposed Development Plan. In conducting this work, the City is focused on development of the Dahlke Site as a key location for growing Semiconductor, CleanTech, Aerospace/Defense, and other Advanced Manufacturing tech companies.

The following is a more detailed description of the extensive recent development activity in the Tonquin Employment Area and the immediately surrounding area – all of which bodes well for the Dahlke Site as being a highly competitive location for Semiconductor and other Advanced Manufacturing companies:

- **Trammell Crow Company/Tualatin-Sherwood Corporate Park (TSCP):** The Trammell Crow Company has completed construction of the shell buildings for this speculative industrial park development on behalf of the property owner Modlo, a large institutional investor based in Los Angeles. The project consists of 478,300 SF of new industrial space in three buildings. Although the project was only completed in late 2022, the space has already been leased to the following Semiconductor and Advanced Manufacturing companies:

- **NSI/Nuance Systems Manufacturing.** NSI is an advanced manufacturing company and preferred supplier for Fortune 500 companies - providing engineering, fabrication, R&D and integration services for the semiconductor and clean tech industries.
- **DWFritz Automation.** DWFritz designs and builds automation systems including high-speed assembly, automation, metrology and inspection solutions to solve complex advanced manufacturing challenges. Their customers are Semiconductor, Aerospace, Automotive and E-Mobility, Consumer Electronics, and other growing tech industries.
- **Lam Research.** Lam Research is based in the Silicon Valley and, according to the *Economist* magazine, is one of the largest suppliers of Semiconductor manufacturing equipment in the world. In total, during the past two years, Lam Research has grown to a total of over 316,000 SF in the city of Sherwood.
- **Schnitzer Properties/Sherwood Commerce Center.** Schnitzer Properties has begun construction on the first phase of the nearly 1,000,000 SF Sherwood Commerce Center on the east side of SW Oregon Street in the TEA. The first phase consists of 445,107 SF with three new speculative industrial buildings with delivery in Spring 2024. The second phase will consist of an additional 500,000 SF of speculative industrial project. Leasing interest by Advanced Manufacturing companies is already strong even before the first buildings have started construction.
- **Other Infill Industrial Development/Sherwood.** In addition to the projects taking place in the Tonquin Employment Area, other projects are proceeding along on the SW Tualatin-Sherwood Road Corridor in Sherwood. These include:
 - **Treske Precision Engineering Expansion.** Treske is currently constructing a new 35,000 SF expansion to their existing Sherwood facility. Treske is an innovator in Robotics and serves a wide variety of industries such as Semiconductors, Space, Defense, Aerospace, and Medical.
- In addition to the above, there is a very strong cluster of Advanced Manufacturing companies in the SW Tualatin-Sherwood Road Corridor in both Sherwood and Tualatin. These include Allied Systems (Defense), Aviatrix (Helicopters), Machine Sciences (Advanced Aeronautics/UAV Satellites), Ascentric Engineering (Space, Semiconductors, Aviaton/Defense, Circuit Boards), JAE (Aviation Electronics), Shields Manufacturing (Semiconductors, Aerospace/Defense), Numberg Scientific (Lab Equipment), Leviton (Engineering, Electric-Data Systems Controls), Xylem (Water Technology Systems), Gaylord Industries (Ventilation Systems) among numerous other companies

Based on the number of tech manufacturing companies in the immediate Sherwood/Tualatin area and the speed at which new industrial buildings are being leased in the TEA (while still under construction), it is clear that there is a very strong demand by Semiconductor and other Advanced Manufacturing companies in the TEA. As one of the few remaining viable flatter developable properties in the TEA, the Dahlke Site will offer strong competitive advantages once the infrastructure planning is completed.

Section 4 -Describe existing site/area conditions and practical constraints.

The Dahlke Site has been unable to develop due to the lack of site readiness. The challenges include the severely inadequate road access and the lack of utilities such as water, sanitary sewer, stormwater facilities, broadband and other required infrastructure. In addition, the Dahlke Site has been impacted significantly by the major utility corridors which run through the site, including the Bonneville Power Authority and Portland General Electric lines. As stated above, a 0.59-acre wetland is located within the potential future alignment of Dahlke Ln. Another major constraint is that the Site is composed of a

number of smaller parcels below 10 acres which need to be aggregated under a single master plan. Some mass grading will be required as minor slopes exist on the site. A very small portion of the site exceeds 25% slopes, however, a majority of the site features slopes of less than 10%.

The following provides an illustration of the practical implications of these physical and economic constraints:

In 2022, Phelan Development proposed the development of new 180,000 SF spec industrial park on a 9.48-acre single property located within the far northern portion of the Dahlke Site. The City worked extensively to assist Phelan with their due diligence process which included arranging pre-application meetings with the developer, the County, Clean Water Services (the regional water resources management agency), Tualatin Valley Fire and Rescue and other service providers. The City also arranged three separate meetings with Clean Water Services to seek to solve the storm drainage issues on an interim basis for this property. Due to the lack of adequate access and other costly infrastructure needed to develop the Dahlke Site, Phelan determined that the extension of these facilities would create too heavy a financial burden for this small property alone to bear and decided not to proceed with the project. While other owners of the smaller properties in the Dahlke Lane Industrial Corridor have also recently explored development opportunities with the City, it is clear from these discussions that no single property on its own can resolve the development challenges and constraints on a parcel-by-parcel piecemeal basis. The City, itself, will need to take the leadership role in helping to work with the property owners through the pre-development planning for the entire Dahlke Site.

Section 4 : Describe the available Workforce and work-shed that could support the Semiconductor and/or Advanced Manufacturing industries

In August 2022, the Oregon Semiconductor Competitiveness Task Force released its report entitled *Seizing Opportunity*. That report indicates in part that “access to talent is the most important factor driving location decision for many semiconductor firms. Companies need to be where the workers are.”

Sherwood is an integral part of the Portland Metro Area and as such offers a very strong workforce in Semiconductors and Advanced Manufacturing. This is illustrated in a recent Semiconductor industry workforce report prepared by the labor market analytics firm Lightcast. In that report, Portland is ranked as No. 2 in the nation for chips labor force readiness, behind only the Bay Area. Portland excelled because it has a high concentration of workers in Semiconductor occupations. Intel alone in nearby Hillsboro employs 22,000 at their Washington County campus which is the center of its R&D operations. Due to its skilled labor force and other factors, Washington County has become the preferred home to much of the Semiconductor industry in Oregon. With Sherwood’s location in Washington County, this community shares the same strong demographics and has effectively become part of Oregon’s “Silicon Forest”.

In preparing this application, the City worked closely with Greater Portland Inc (GPI), the region’s public/private economic development organization, to identify the nature of the workforce and labor-shed for the Dahlke Lane Industrial site. Please refer to the Dahlke Lane Site Radius Map that shows the labor force area for the 30-minute, 45-minute and 60-minute radius of the Dahlke Site (Exhibit B1). The 60-minute work-shed contains a population of 2,737,416 and a total civilian employment population of 1,394,483. The labor force data shows civilians employed by industry types and by occupational types – with strong skills in manufacturing, transportation and warehousing, professional/scientific/technical

fields, management of companies and enterprises, financial operations, computers/mathematics, architecture/engineering, among other categories – all of which are important for the further growth of Advanced Manufacturing in Sherwood.

The *Seizing Opportunity* report also indicates that nearly 50% of the Semiconductor manufacturing and supply chain jobs require no more than high school or community college training. Considering these factors and the fact that the Dahlke Site and Sherwood area as a whole are already the home of numerous tech manufacturing companies, Sherwood and the Dahlke Site can readily support the workforce needs of both the Semiconductor and other Advanced Manufacturing industries.

As part of its comprehensive approach to economic development, the City is working closely with the Sherwood School District Career Technical Education (CTE) and STEM programs to develop industry partnerships with the Semiconductor and other Advanced Manufacturing companies in Sherwood and the area. Similar initiatives are getting started with Portland Community College.

Section 4. Explain the Impacts and Importance of this industrial site/area to the local economy.

Economic Development is one of the Council's top priority goals. In fact, it has again been designated as "Pillar 1" in the Council's 2023-24 Annual Goals Statement. Sherwood views the growth of manufacturing companies as critical to its future. Sherwood is primarily a bedroom community with only 8% of its residents working within Sherwood. Most commute to Hillsboro, Portland and other locations for higher-paying jobs. Also, in a state where property taxes fund most municipal services, the City Council recognizes that there is a need to diversify the local tax base through new industrial park development so as to maintain and improve the quality of life in the community. The development of the Dahlke Site, with up to 450,000 SF of new manufacturing and industrial space, will help the City to continue to broaden and expand its job and tax base and attract companies in key traded sectors important to the City and State.

Section 4: Additional Information:

Background on Previous Tonquin Employment Area Planning

The Tonquin Employment Area – including the Dahlke Lane Corridor – has been identified in local and regional planning documents for over 15 years as a key site for the development of new industrial parks. This involved the City working over a protracted period to earn the broad, positive support of the surrounding governments, elected officials, private developers, Greater Portland Inc, the Sherwood Chamber of Commerce, Oregon Department of Transportation, Metro, Clean Water Services, Washington County, Tualatin Valley Fire and Rescue, the Willamette Valley Water Supply agency, and the neighboring City of Tualatin which have all supported the City's program to develop the TEA.

As was described in more detail previously, over the last nearly 4 years, the City has worked in close partnership with a large number of agencies, developers, property owners and companies to successfully develop major new industrial parks and attract Semiconductors and other Advanced Manufacturing target companies to the sites within the TEA having direct frontage access along SW Tualatin-Sherwood Road, SW 124th Avenue and SW Oregon Street. Our focus now is to develop the remainder of the most viable land within the TEA which primarily consists of the Dahlke Road Industrial Corridor - one of the last remaining developable areas within the TEA.

City Capacity to Manage/Administer Grants

The City of Sherwood has the proven experience and the capacity to successfully administer and manage this Business Oregon grant project. The City Manager's Economic Development Office will be working in partnership with the Community Development Department to administer and carry out this grant, if funded. City staff has extensive experience in managing a wide variety of state, regional and federal grants. For example, the Community Development Department – with support from Economic Development - is currently completing work on the Metro-funded Sherwood West Concept Plan for a nearly 1,300 acre expansion to the City's Urban Growth Boundary which will include a site for a 250 acre Sherwood West Technology Park as well as large areas for new housing and other employment uses, greenways and natural areas.

The key staff anticipated to be involved in administering this project include:

Bruce Coleman, Economic Development Manager, City of Sherwood. Bruce came on board at the City of Sherwood in September 2019 and is responsible for working to encourage and facilitate the growth of business in Sherwood – with a particular focus on the development of new industrial parks and the growth of traded sector industrial companies. He brings over 30 years of management experience in economic and community development to the community. Prior to working in Sherwood, he served in a similar capacity in larger suburban cities, including in McKinney TX (Dallas-Fort Worth Metroplex), and in the Los Angeles/San Diego Metro megaregion.

Eric Rutledge, Community Development Director, City of Sherwood. Eric joined the City of Sherwood in September 2019 and has over 10-years of experience in the public, non-profit, and private sectors. Eric was responsible for all aspects of the land use approval process for very complex development projects including the Schnitzer Properties' Sherwood Commerce Center, the Oregon Street Business Park, the Tonquin Industrial Park, the Century Drive Industrial Park expansion, among many other developments. He was promoted to Community Development Director in early 2023 with the goal of meeting the City's economic development and workforce development goals.

Erika Palmer, Planning Manager, City of Sherwood. Erika came to Sherwood in 2017 and has been responsible for all advance planning work in the City, including the recent adoption of the City's new 2040 Comprehensive Plan, the preparation of the Sherwood West Concept Plan, and numerous other concept plans and inventory studies.

Jason Waters, City Engineer, City of Sherwood. Jason has served in multiple roles in the City's Engineering Department since 2000. He was promoted to City Engineer in 2022 and is responsible for a wide variety of projects including the design and construction of Ice Age Drive (and associated utilities), Sherwood West implementation planning, and a wide variety of capital improvement projects.

Section 4 – Attachments

Attachment A – Maps

- A1 – Existing Conditions Map
- A2 – Conceptual Site Plan
- A3 – Surrounding Development Map
- A4 – Infrastructure Map
- A5 – Transportation Routes

- A6 – Zoning Map
- A7 – Ice Age Dr. Alignment Map
- A8 – Conceptual Dahlke Corridor Alignments
- A9 – Vicinity Map

Attachment B – Workforce Data

- B1 – Labor Shed Graphs

Attachment C – Sherwood Urban Renewal Agency

- C1 – Sherwood URA Resolution 2023-003 Authorizing Grant Application

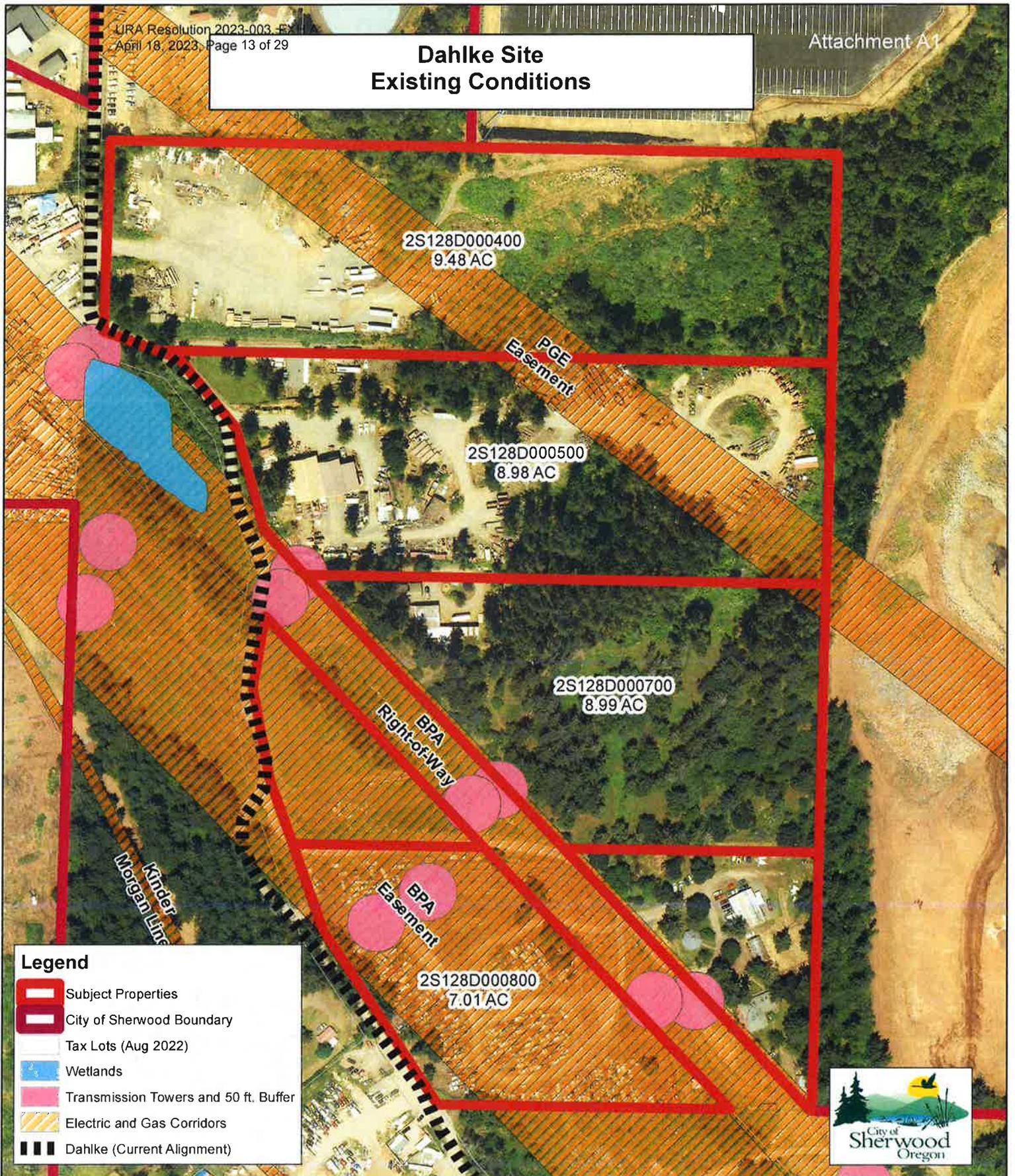
Attachment D – Letters of Support

- D1 – Letter of Support from Gigi Harker, Greater Portland Inc.
- D2 – Letter of Support from Stu Peterson, Macadam Forbes
- D3 – Letter of Support from Clayton Madey, Macadam Forbes
- D4 – Letter of Support from Gabe Schnitzer, Norris & Stevens

Attachment E – Project Estimates

- E1 – Summary of Project Tasks
- E2 – Cost Estimates

Dahlke Site Existing Conditions

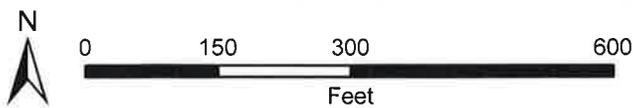


Legend

- Subject Properties
- City of Sherwood Boundary
- Tax Lots (Aug 2022)
- Wetlands
- Transmission Towers and 50 ft. Buffer
- Electric and Gas Corridors
- Dahlke (Current Alignment)



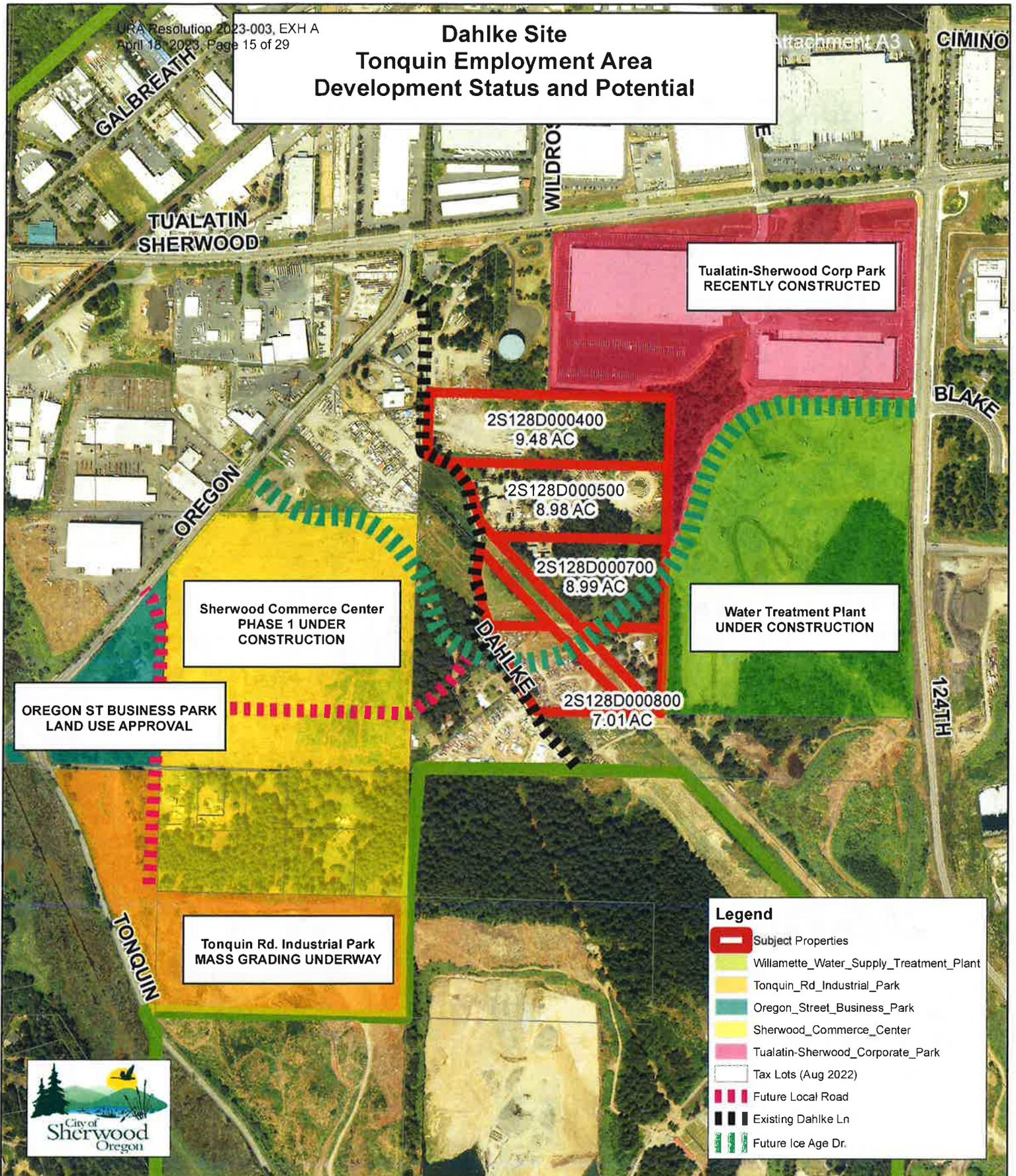
Date: 4/1/2023



Map data provided by METRO and the City of Sherwood. The City of Sherwood's infrastructure records, drawings, and other documents have been gathered over many years, using many different formats and standards. While the data provided is generally believed to be accurate, occasionally it proves to be incorrect; thus its accuracy is not guaranteed.



Dahlke Site Tonquin Employment Area Development Status and Potential



480,000 SF Recently Leased
 665,000 SF Under Construction
 128,000 SF Approved

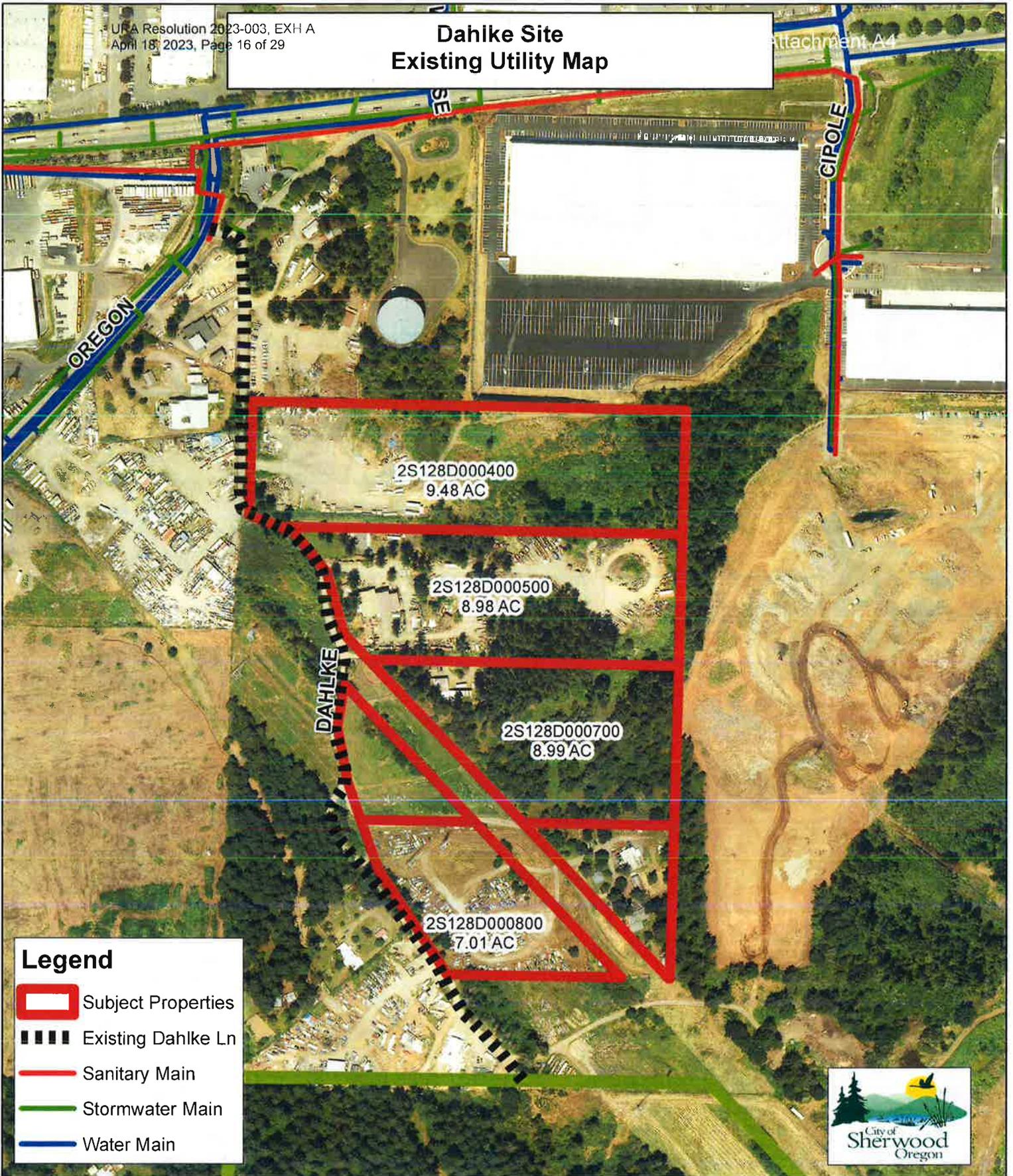
Potential for Over 1,000,000 SF
 remaining in TEA

Date: 4/1/2023

Map data provided by METRO and the City of Sherwood. The City of Sherwood's infrastructure records, drawings, and other documents have been gathered over many years, using many different formats and standards. While the data provided is generally believed to be accurate, occasionally it proves to be incorrect; thus its accuracy is not guaranteed.

Dahlke Site Existing Utility Map

Attachment A4

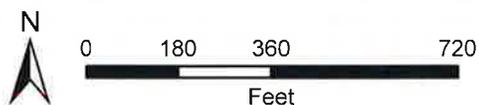


Legend

-  Subject Properties
-  Existing Dahlke Ln
-  Sanitary Main
-  Stormwater Main
-  Water Main



Date: 4/1/2023



Map data provided by METRO and the City of Sherwood. The City of Sherwood's infrastructure records, drawings, and other documents have been gathered over many years, using many different formats and standards. While the data provided is generally believed to be accurate, occasionally it proves to be incorrect; thus its accuracy is not guaranteed.

Dahlke Site Existing and Future Transportation Routes

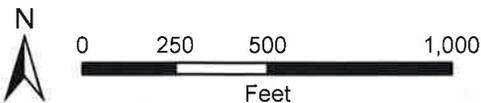


Legend

-  Subject Properties
-  Existing Dahlke Ln
-  Future Ice Age Dr.
-  Future Local Road

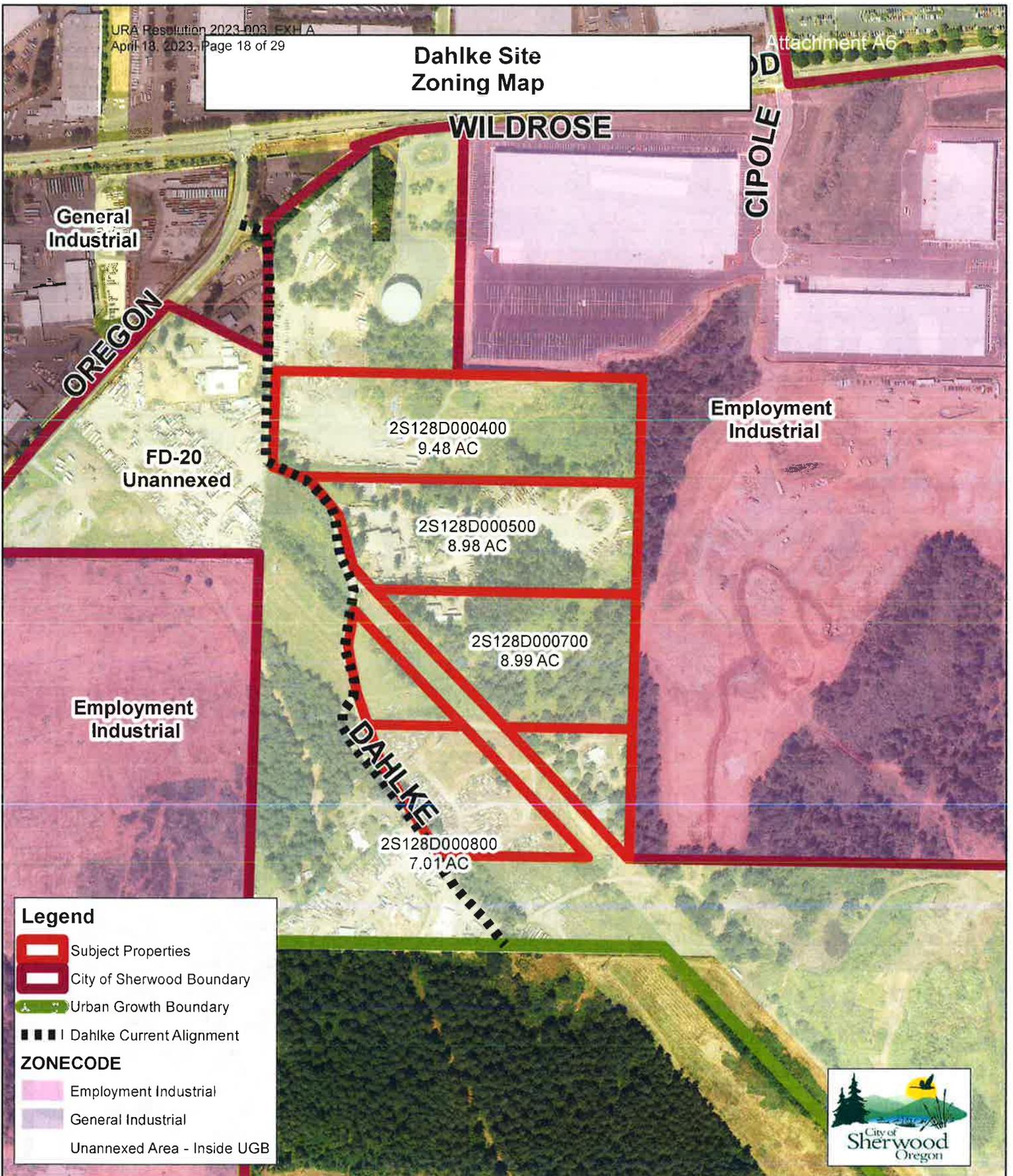


Date: 4/1/2023



Map data provided by METRO and the City of Sherwood. The City of Sherwood's infrastructure records, drawings, and other documents have been gathered over many years, using many different formats and standards. While the data provided is generally believed to be accurate, occasionally it proves to be incorrect; thus its accuracy is not guaranteed.

Dahlke Site Zoning Map

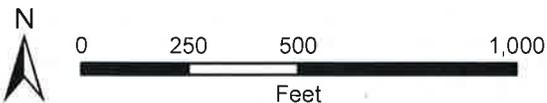


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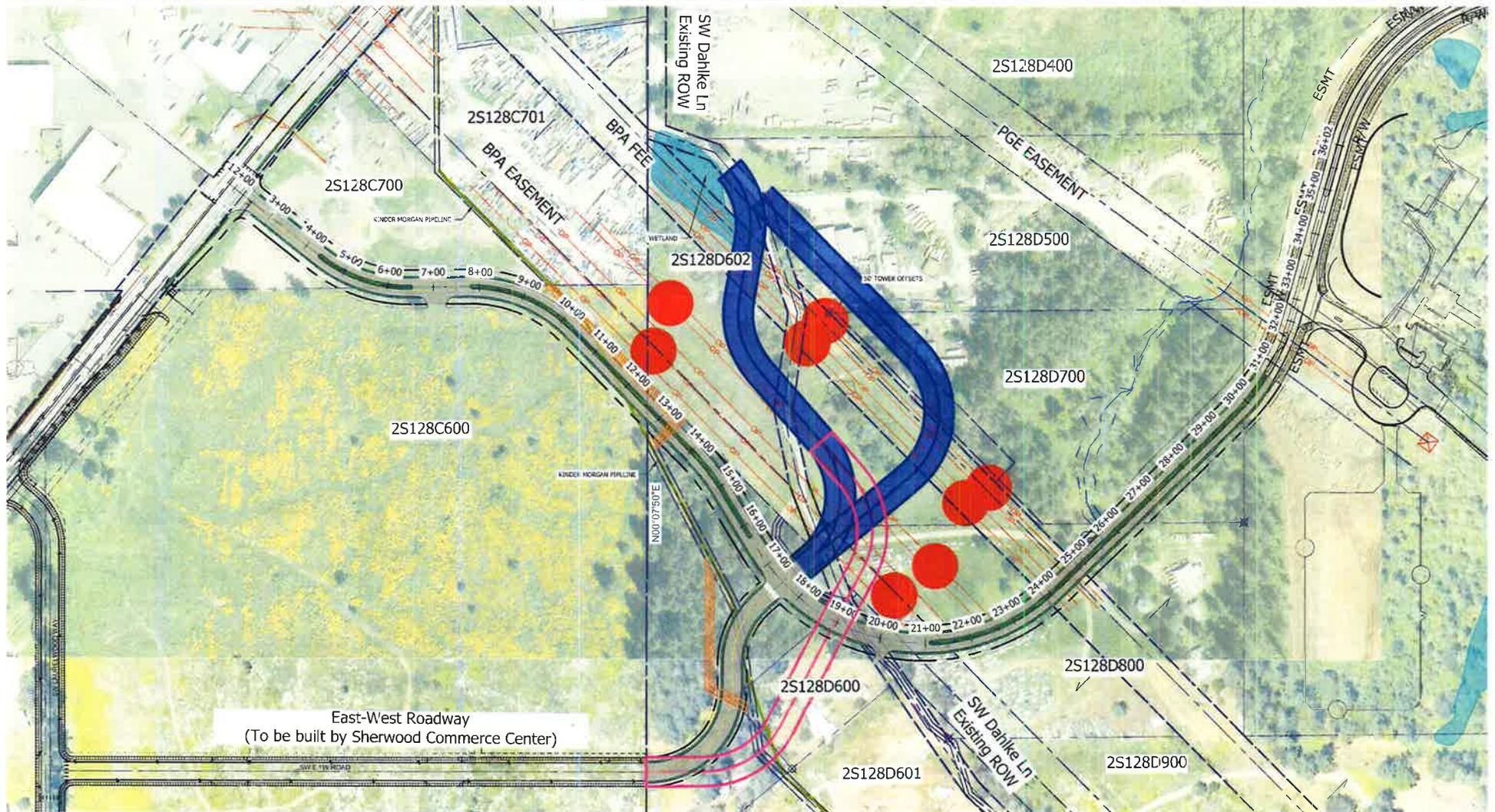
-  Subject Properties
 -  City of Sherwood Boundary
 -  Urban Growth Boundary
 -  Dahlke Current Alignment
- ZONECODE**
-  Employment Industrial
 -  General Industrial
 -  Unannexed Area - Inside UGB



Date: 4/1/2023



Map data provided by METRO and the City of Sherwood. The City of Sherwood's infrastructure records, drawings, and other documents have been gathered over many years, using many different formats and standards. While the data provided is generally believed to be accurate, occasionally it proves to be incorrect; thus its accuracy is not guaranteed.



**PORTLAND
INTERNATIONAL
AIRPORT**



22 miles

↑ SEATTLE | 187 miles

↘ BOISE | 444 miles

PORTLAND CBD | 14 miles

217 | 5.5 miles

99W | 1.5 miles

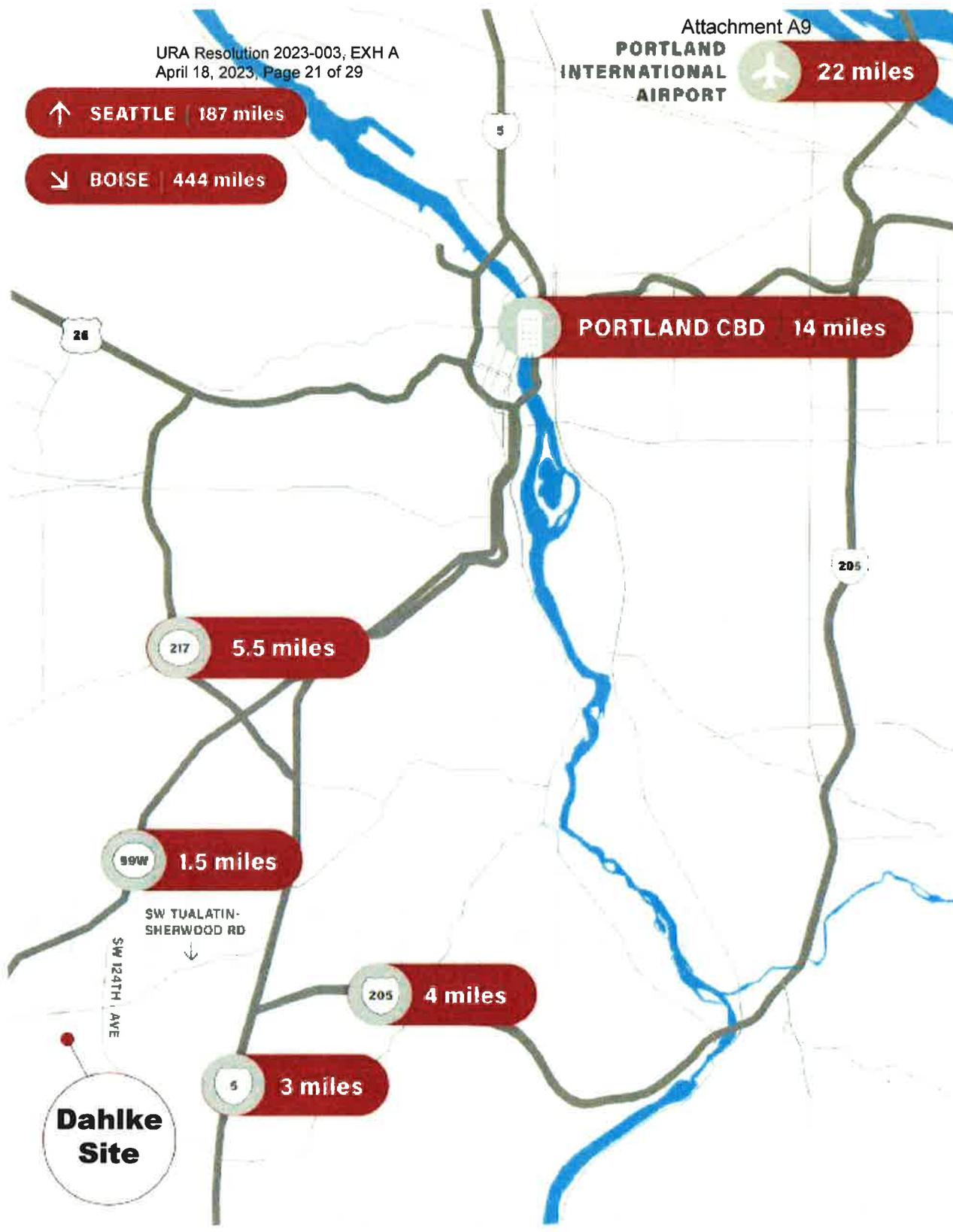
SW TUALATIN-
SHERWOOD RD

SW 124TH AVE

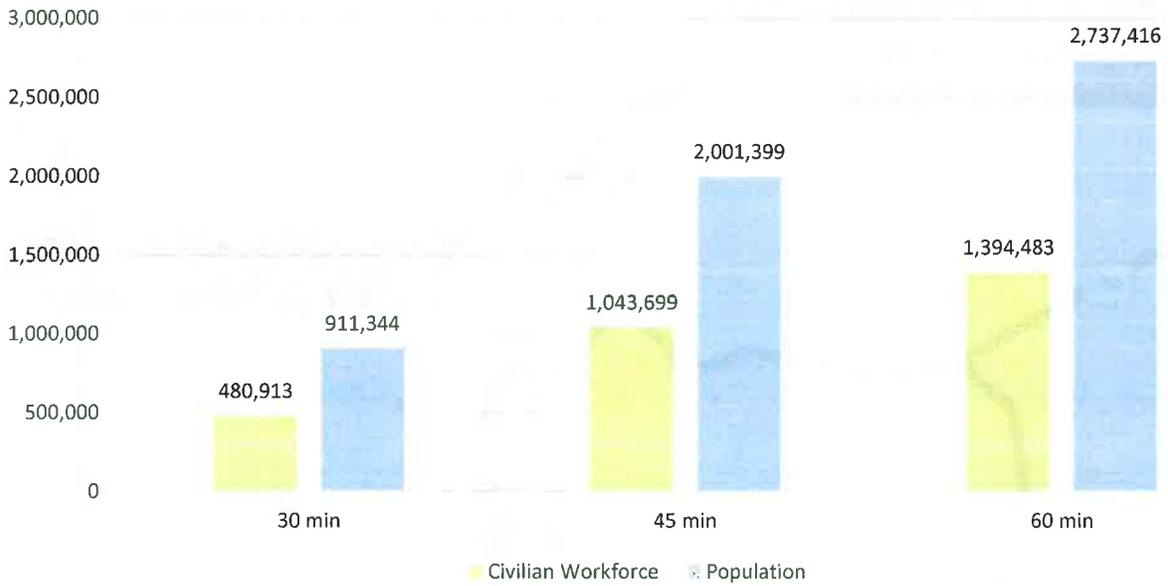
205 | 4 miles

5 | 3 miles

**Dahlke
Site**

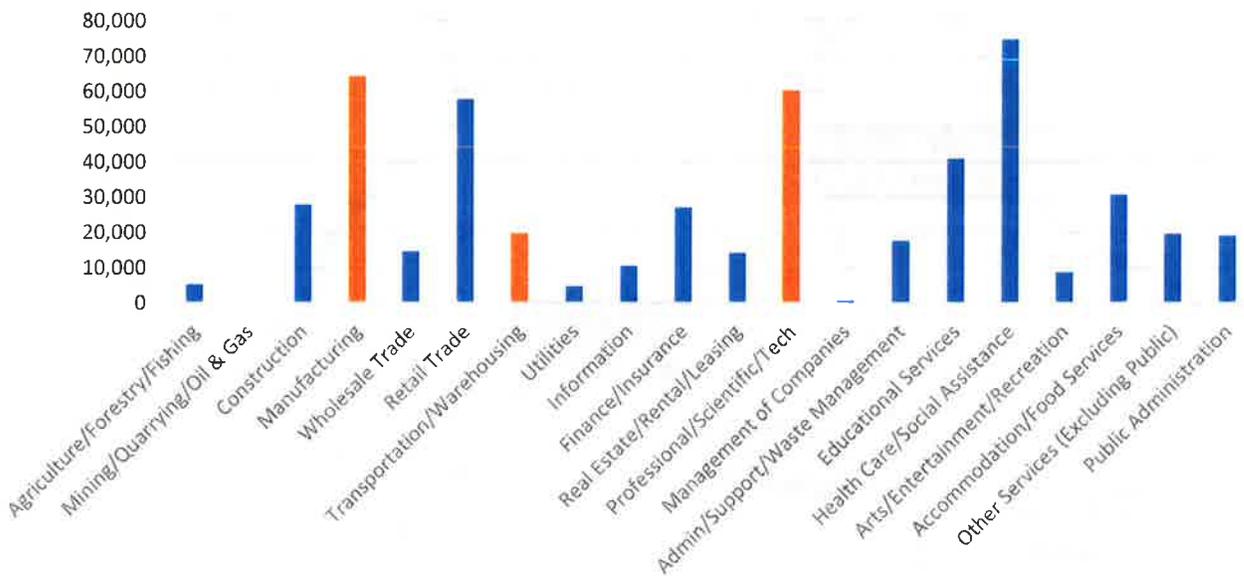


Dahlke Lane Industrial Site Workforce Labor Shed



Source: U.S. Census Bureau, 2017-2021 American Community Survey

Dahlke Lane Industrial Site Laborshed Workforce by Industry Type



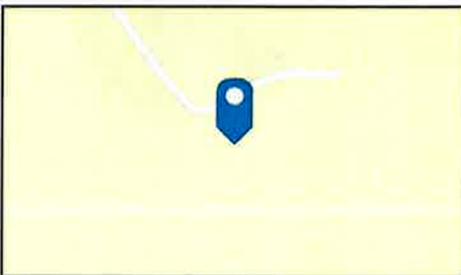
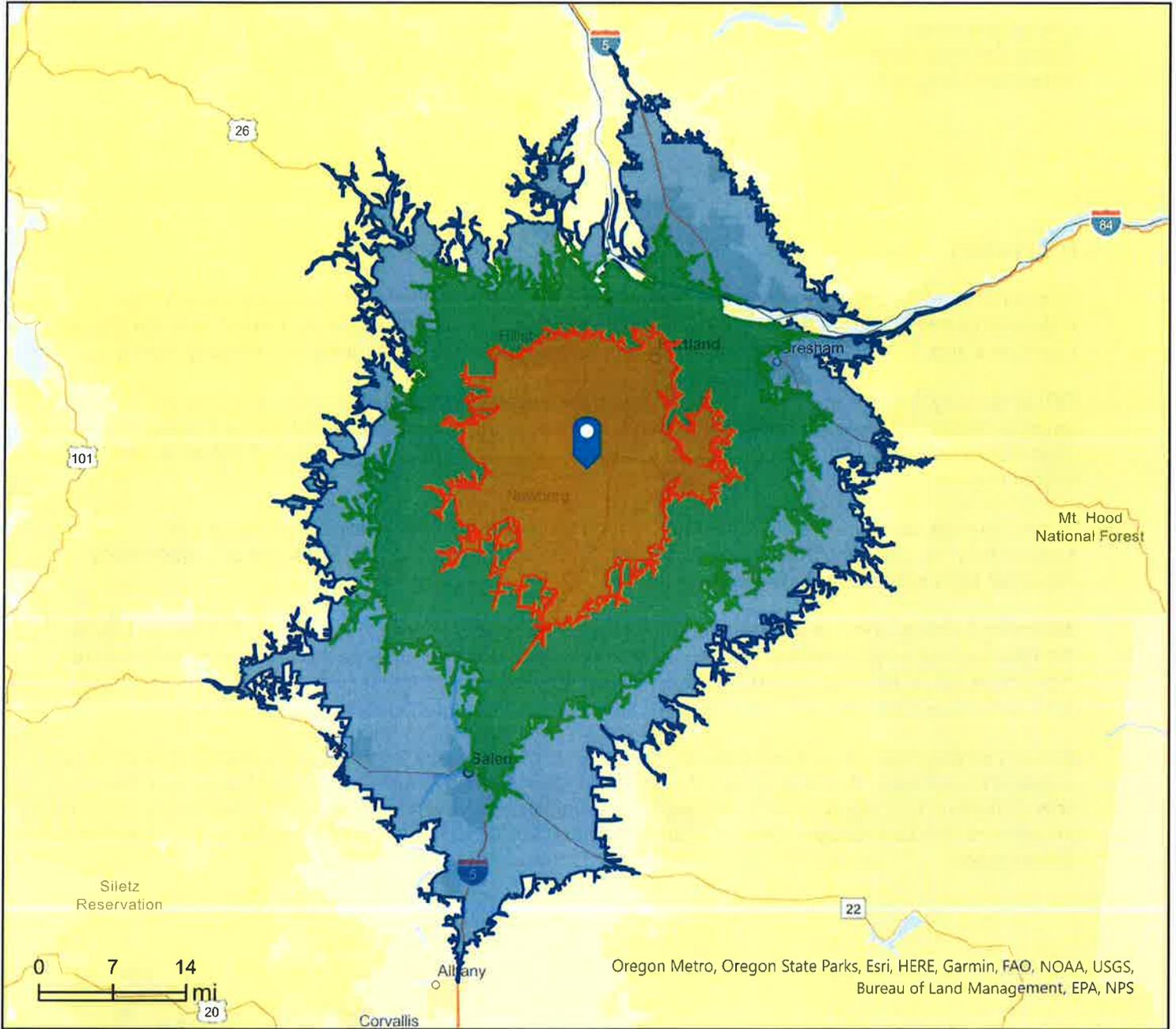
Source: Esri forecasts for 2022 and 2027

Site Map

Central TEA/Dahlke Lake Corridor
21475-21999 SW Dahlke Ln, Sherwood, Oregon, 97140
Drive Time: 30, 45, 60 minute radii

Prepared by Greater Portland Inc

DATE: 4/18/23
TIME: 11:24 AM



City of Sherwood
22560 SW Pine Street
Sherwood, Oregon 97140

April 5, 2023

Dear Bruce Coleman,

Greater Portland Inc (GPI) is writing to express support for the Dahlke Lane Corridor's pursuit of an *Industrial Lands Technical Assistance Grant*. The funding of its infrastructure plan would help the region maintain a supply of project-ready industrial land for traded-sector investments and creating quality jobs.

GPI is the only regional public-private partnership dedicated to creating and expanding jobs and driving tangible regional prosperity. The organization's purview spans five Oregon counties. As a result, the organization is uniquely positioned to speak to the regional importance and impact of industrial land availability.

Access to adequate industrial land remains among the region's most significant challenges in successfully recruiting traded-sector investment. This challenge is due to the scarcity of project-ready industrial sites within the urban growth boundary.

Allocating funds to conduct an engineering and planning analysis of the Dahlke Lane Corridor will allow the City to detail a road realignment and utility service strategy that ensures the site can accommodate modern industrial building construction. In addition, this infrastructure plan will advance much-needed land availability near some of Oregon's most significant advanced manufacturing companies.

Existing employment lands have generated thousands of direct jobs for the region's residents at various wages and skill sets. The recent market response in surrounding industrial sites in Sherwood shows that now is the time to support to site-readiness of the Dahlke Lane Corridor. Greater Portland Inc is proud to recommend the Dahlke Lane Corridor's infrastructure plan for the *Industrial Lands Technical Assistance Grant* award.

Sincerely,
Gigi Harker-Olguin
Business Development Manager
Greater Portland Inc



Bruce Coleman
City of Sherwood
22560 SW Pine Street
Sherwood OR 97140

Dear Bruce,

I have been a commercial broker at Macadam Forbes for over 41 years. Much of my efforts during that time focused on the SW Metro area. As a result, I have been involved in many transactions that have brought many of the region's largest employers to the area.

I am writing to express support for the City of Sherwood's application to pursue the Industrial Lands Technical Assistant Grant Program to develop the Dahlke Lane Industrial land. We have a considerable/critical shortage of Industrial land in the SW Metro area. Much of the land Metro has designated for future industrial development lies fallow due to the local jurisdiction's inability to service the property and unwillingness to work with the development community for creative solutions. As a result of this lethargy, many companies I work with are moving outside of the Metro region or out of the state altogether to more hospitable environs.

On the other hand, Sherwood has been proactive and willing to invest in procuring, promoting, and providing industrial land for development. As a result, they are reaping the rewards. The recent success of the Tualatin Sherwood Corporate Park is a case study of a city government working with private development to provide space to some of the region's most valuable employers.

Sherwood has made a mighty effort to bring the Dahlke area into productive employment land. Their commitment to building Ice Age Drive has paid off in the Sherwood Commerce Center, which is currently underway. This road provides critical infrastructure to the Industrial tenants who will locate there. No other surrounding cities have provided this kind of support for the region's employers.

I hope Business Oregon will reward this exemplary initiative and grant the city the funds to finish developing these vital industrial lands that will benefit from this grant and create serviced industrial lands that many of our local employers are thirsting for. Granting these funds to a city like Sherwood that will immediately put them to use will benefit everyone and will be a critical component of the area's economic health.

Best Regards,

Stu Peterson SIOR, Macadam Forbes





Letter of Support
Industrial Lands Technical Assistant Grant Program

April 3rd, 2023

Bruce Coleman
City of Sherwood
22560 SW Pine St
Sherwood, OR 97140

Dear Bruce,

Macadam Forbes is a commercial real estate brokerage in Lake Oswego, Oregon, with a focus on industrial property in suburban markets in the Portland-Metro like Sherwood. In Sherwood alone we have worked on multiple projects in the last few years including land sales, land development, building sales, and leasing, primarily for industrial uses. Macadam Forbes represents property owners in Sherwood and specifically in the Dahlke Lane Industrial Corridor.

I am writing to offer support for the City of Sherwood's application to pursue the *Industrial Lands Technical Assistant Grant Program* as it relates to the study of the Dahlke Lane Industrial Corridor. Sherwood, like many municipalities in the Portland-Metro, has a deficit of industrial property relative to demand, and thus it is critical to maximize the potential of *existing* industrial lands. The Dahlke area in particular has potential to support advanced manufacturing users, which is already a growing sector in Sherwood. Because of the limited freeway proximity and robust skilled labor pool, the area's location caters more to semiconductor and advanced manufacturers than it does to warehouse and freight users, as evidenced by semiconductor users already nearby.

Further study and eventual development of the area has potential to be a "win-win-win" for the property owners, the City of Sherwood, and ultimately advanced manufacturing users.

Thank you,

Clayton Madey

Norris & Stevens

INVESTMENT REAL ESTATE SERVICES

900 SW 5th Avenue · 17th Floor · Portland, OR 97204
T: 503.223.3171 · F: 503.228.2136 · www.norris-stevens.com

April 4th 2023

Bruce Coleman
Economic Development Manager
City of Sherwood
22560 SW Pine Street
Sherwood, OR 97140

Re: City of Sherwood Application to Business Oregon – Industrial Land Technical Assistance Grant Program
– Dahlke Lane Industrial Site Readiness

Bruce,

After learning about the statewide Business Oregon grant program, I am writing to bring attention to the very low vacancy rate for industrial property in Sherwood, Oregon. With the increasing demand for distribution space along the I-5 Corridor, there has been a significant decrease in the availability of land for the growth of advanced manufacturing companies and other highly technically advanced industries that are interested in remaining and expanding in the Portland metro area and Oregon as a whole. From our work in industrial brokerage, we recognize how significant manufacturing is for the economic prosperity of the region and state in terms of creating living wage jobs for all. This has created a very challenging situation for many of our manufacturing clients looking to establish or expand their operations in the area.

Norris and Stevens has worked and continues to work with a number of industrial clients who would like to locate in the city of Sherwood including in the Tonquin Employment Area (TEA) and the Dahlke Lane Corridor specifically. We worked to help the City of Sherwood Urban Renewal Agency to recently purchase a key property (the Vandomelen property) for the construction of Ice Age Drive which will begin to provide access into the Dahlke Lane Industrial Corridor of the TEA. We are working with the owner of the Cindy Woods property which is located in the Dahlke Lane Corridor and understand firsthand that the Business Oregon grant to the City of Sherwood would be hugely beneficial in helping to prepare this key infill parcel for new industrial development. Our team had a deal under contract on this property with a highly experienced industrial developer who was proposing to construct two new industrial buildings on the Woods property in the Dahlke Corridor. The development would have provided space for advanced manufacturing in this area of Sherwood but at the end of their 6 month due diligence process and a great deal of investment, this buyer was unable to develop the site due to the lack of adequate access and other infrastructure needed to make the project “pencil”.

We believe that the low vacancy rate of industrial properties in Sherwood, the lack of site readiness, and the strong development demand in the Dahlke Lane industrial area, makes it critical that the City be in a position to move forward with the pre-development engineering and planning work needed to move the infrastructure development forward in a timely manner. We urge Business Oregon to favorably consider the industrial site readiness application by the City of Sherwood/Sherwood Urban Renewal Agency. Thank you for your time and consideration.

Respectfully,



Gabe Schnitzer
Vice President, Industrial Properties

**Business Oregon Industrial Site Readiness
 Technical Assistance Grant
 Project Scope April 2023**

Activity	Description	Additional Comments	Total Cost
Task 1: Dahlke Corridor Alignment Study	30% utility engineering design for the Dahlke corridor including transportation, water, sanitary sewer, and storm sewer, including identification, study and ranking of at least 3 different alignment options for SW Dahlke Lane and commercial access. Delineate one 0.59-acre wetland and the associated buffers. Identify environmental & construction permit requirements. Stakeholder coordination. Prepare cost estimates.	<p>BPA & PGE transmission lines & towers cannot be removed or relocated and will impact the alignment and how the surrounding properties develop and their uses.</p> <p>Study will identify how SW Dahlke Lane connects to SW Ice Age Drive being constructed by the City of Sherwood with URA funds in 2024</p> <p>Assessment of size, location, quality of "Wetland 1" along the Dahlke corridor, explore options and costs for protection or removal via payment of fees-in-lieu of mitigation.</p>	\$52,000
Task 2: Dahlke Site Planning Opportunity and Constraints Study	Perform a detailed on-site opportunities and constraints analysis for developable lots within the Dahlke corridor (Tax Lots 2S128D000400, 500, 700, 800) using the work & deliverables produced as part of the alignment study with consideration for potential economic impacts of different land-use scenarios. Evaluate potential environmental, natural, cultural, or tribal resources on the lots that could impact development.	<p>Perform additional site planning work to build on conceptual plans created for the Metro Industrial Site Readiness Toolkit Project.</p> <p>Constraints to be factored in with additional detail include slopes, natural resources, and utility encumbrances.</p>	\$26,000

Note: all activities above are non-invasive, non-construction related activities with little to no disturbance of soil/land

Cost Estimates	
Task 1: Dahlke Corridor Alignment Study	
Surveying	\$5,000
ROW evaluation	\$1,200
Storm design	\$4,000
Utility engineering	\$6,000
Civil design	\$12,000
Pavement design	\$1,800
Traffic engineering	\$3,600
Project management	\$2,884
Meetings and outreach	\$2,016
Wetland delineation	\$10,000
Archeological, historical, tribal investigation & study (no ground disturbance)	\$3,500
Task 1 Total	\$52,000
Task 2: Site Planning Opportunity and Constraints Study	
Natural Resource Assessment	\$5,000
On-Site Assessments, Deed or Title Research	\$2,000
Ops-constraints analysis & metrics investigation and report	\$3,000
Economic benefits by land use scenario investigation	\$3,000
Initial site plan development to identify preferred plan	\$3,400
Final draft site plan exhibit w/ preferred road alignments	\$2,900
Draft final ops-constraints memo document	\$3,500
Project management	\$2,000
Meetings and outreach	\$1,200
Task 2 Total	\$26,000
TOTAL PROJECT COST	\$78,000
<i>Prepared by City of Sherwood, City Engineer</i>	