



RESOLUTION 2024-065

AUTHORIZING THE MAYOR TO MODIFY THE SHERWOOD WEST UGB EXPANSION APPLICATION TO MIXED-EMPLOYMENT AND HOSPITALITY LAND ONLY

WHEREAS, the Sherwood City Council accepted the Sherwood West Concept Plan (Concept Plan) on July 18, 2023 via Resolution 2023-060; and

WHEREAS, the Sherwood City Council accepted a refinement to the Concept Plan on March 5, 2024 via Resolution 2024-013; and

WHEREAS, the Concept Plan is the result of a two-year planning process with the Sherwood West Citizens Advisory Committee and the larger Sherwood community who provided direct and detailed feedback on the vision and outcomes desired for planning area; and

WHEREAS, 2024 Urban Growth Management Decision: Metro Chief Operating Officer / Staff Recommendations (Metro COO Recommendation) recommends Metro Council consider housing related conditions of approval that may materially change the character of future neighborhoods and the larger Sherwood West plan; and

WHEREAS, if the neighborhood character established in the Sherwood West Concept Plan cannot be achieved, it may be in the best interest of the City of Sherwood and the Sherwood community to modify the UGB expansion application; and

WHEREAS, the 2023 Sherwood Economic Opportunities Analysis (EOA) indicates that the remaining employment land in the City's UGB is primarily composed of smaller lots of less than 10 acres and that there are no industrial building sites within the city or its UGB over 10 acres; and

WHEREAS, to accommodate the City's employment needs, the EOA indicates there is a need for 277 acres of additional land outside of the current UGB; and

WHEREAS, the Concept Plan identifies approximately 79-acres of hospitality employment land and 233-acres of mixed-employment land that can be incorporated into the UGB and City of Sherwood in an efficient and orderly manner, as depicted in Attachment 1; and

WHEREAS, the mixed-employment zone in the Concept Plan has physical characteristics suitable for large site development with ownership patterns that further support large site assembly; and

WHEREAS, the hospitality and mixed-employment land proposed in the Concept Plan will bring job opportunities to the City and region while increasing the opportunities for tourism and traded sector growth; and

WHEREAS, City may need to respond immediately to changing conditions and decisions during the 2024 Urban Growth Management decision to modify the proposal for an hospitality and mixed-employment only expansion; and

WHEREAS, to support the modified proposal described in this resolution, an updated Infrastructure Funding Strategy is included as Attachment 2 to this resolution and updated Metro Title 11 findings supporting are included as Attachment 3 to this resolution.

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

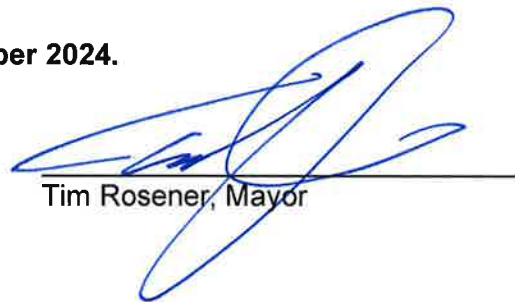
Section 1. The City Council authorizes the Mayor to modify the Sherwood West UGB Expansion application on behalf of the City Council if the outcome of the 2024 Urban Growth Decision is likely to result in a condition of approval for a higher density than proposed in the Concept Plan or that materially changes the outcomes of the plan.

Section 2. The modification shall be limited to the land depicted in Attachment 1 to this resolution.

Section 3. The updated Infrastructure Funding Strategy included as Attachment 2 to this resolution and updated Title 11 Findings included as Attachment 3 to this resolution shall be submitted with the modified UGB expansion proposal.

Section 4. This Resolution shall take effect immediately upon its passage by the Council and signature by the Mayor.

Duly passed by the City Council this 1st day of October 2024.



Tim Rosener, Mayor

Attest:



Sylvia Murphy, MMC, City Recorder

**277 AC
Mixed-Employment**



The image is an aerial photograph of a landscape. A large area in the upper right is shaded gray and labeled '277 AC Mixed-Employment'. A yellow line outlines a larger, irregular area that includes this shaded region and extends southwards. In the lower left, another area is shaded gray and labeled '79 AC Hospitality'. The landscape consists of green fields, brown patches, and a dense residential area on the right side.

**79 AC
Hospitality**

Sherwood West

Preliminary Infrastructure Funding Strategy

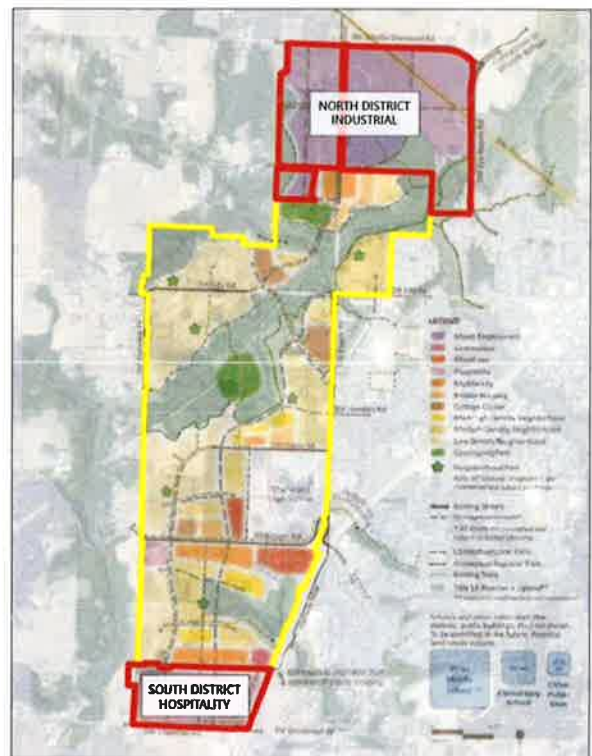
Date September 19, 2024
To Eric Rutledge, City of Sherwood
From Ellen Bini, Leland Consulting Group
Chris Zahas, AICP, Leland Consulting Group

Introduction

This Preliminary Infrastructure Funding Strategy memorandum explores the costs of developing infrastructure to support an expansion of Metro's Urban Growth Boundary (UGB) for commercial and industrial development purposes in Sherwood. This study follows previous infrastructure funding strategies for this area—including a strategy developed by Leland Consulting Group in connection with the Sherwood West Concept Plan in March 2023, revised in February 2024—as well as a preliminary exploration of infrastructure costs and funding tools developed during the 2016 Sherwood West Preliminary Concept Plan.

This memorandum is organized as follows:

- **Infrastructure Funding Gap Analysis.** We present a high-level summary of expected infrastructure costs required to make priority districts of the Sherwood West area developable, and compare them to the system development charges (SDCs) and other development impact fees that would be generated by new development in the Sherwood West area to help pay for such infrastructure. This calculation identifies funding gaps that will need to be addressed for the Sherwood West area to build out. The types of infrastructure evaluated in this memorandum include water, sanitary sewer, storm water, parks, and transportation.
- **Funding Toolkit and Strategy.** To address the anticipated funding gaps, the memo identifies potential funding tools and strategies that could supplement the baseline SDC revenues to make development feasible. This memo builds upon the tools discussed in the 2016 Sherwood West Preliminary Concept Plan and recommends those that have the most promise for filling any funding shortfalls.



In all steps of this analysis and throughout this memorandum, the focus is on regional infrastructure necessary to provide access or utility service to development parcels. For the most part, this means major arterials, collectors, water pump facilities, and stormwater drainage systems that will serve multiple parcels within Sherwood West. Roads and infrastructure internal to development sites are not considered here and are assumed to be a developer cost.

Catalyst Projects

Based on City priorities and existing infrastructure availability, it is anticipated that the North and South districts will develop first and are the subject of this analysis. The North District is best suited for employment uses that support the City's economic development goals, and the 2023 Concept Plan accordingly showed a future focus on mixed employment uses in this area—whereas for the South district, this study considers costs for a southern segment of the Sherwood West Concept Plan area that was envisioned for hospitality development west of Highway 99W. As shown below, transportation projects account for the largest share—55 percent—of infrastructure costs anticipated in the North district, with costs for water infrastructure projects leading in the South (Table 1). No parks costs are accounted for, given the commercial and industrial development envisioned, but revenues will be generated by the new development and are included in the gap analysis.

Table 1. Estimated Infrastructure Costs by District and Category

	Water		Sanitary		Storm		Parks		Transportation		Total District Costs
	Costs	%	Costs	%	Costs	%	Costs	%	Costs	%	
North District	\$8,662,500	29%	\$0	0%	\$4,725,000	16%	\$0	0%	\$16,213,000	55%	\$29,600,500
South District	\$15,202,300	50%	\$1,428,750	5%	\$925,000	3%	\$0	0%	\$13,003,800	43%	\$30,559,850

Source: City of Sherwood

A list of the specific infrastructure projects included in this study can be found in Table 2. Across the districts, transportation projects represent the highest-cost category, at 47 percent, followed by water at 42 percent. It is expected that a large proportion of transportation project costs will be paid by developers on a project-by-project basis, though the City will need to plan for capital projects serving the area, which pose significant costs and challenges throughout the area given the terrain, the presence of significant natural areas, and the current parcelization.

Table 2. Highest-Cost Infrastructure Projects, North and West/Southwest Districts

Project	Cost	Type	District	% of Hard Costs
Elwert Road	\$5,280,000	Transportation	North	15%
Chapman Road (full)	\$4,860,000	Transportation	South	14%
Pump Facility	\$4,500,000	Water	South	13%
Scholls Sherwood (partial)	\$2,440,000	Transportation	North	7%
New Collector (2-lane)	\$2,112,000	Transportation	South	6%
Roy Rogers	\$1,836,000	Water	North	5%
Scholls-Sherwood	\$1,830,000	Water	North	5%
Elwert Road	\$1,584,000	Water	North	5%
New Collector	\$1,564,000	Water	South	5%
Elwert/Scholls Intersection	\$1,500,000	Transportation	North	4%
Chapman Road	\$1,446,000	Water	South	4%
Scholls-Sherwood Facility	\$1,250,000	Storm	North	4%
Elwert Facility	\$1,250,000	Storm	North	4%
Highway 99	\$840,000	Water	South	2%
Highway 99	\$775,000	Sanitary	South	2%
Water Finish Loop (partial)	\$512,000	Water	South	1%
Regional Facilities	\$500,000	Storm	South	1%
Chapman Road PRV	\$200,000	Water	South	1%

Source: City of Sherwood

Infrastructure Funding Gap Analysis

Methodology

Table 3 compares expected infrastructure costs and revenues to calculate the funding surplus (positive amounts) or gap (negative amounts) that would be generated through development fees. Some notes on the methodology used are included below, with a detailed account of the methodology found in Appendix A.

Revenues. The primary revenues that will be used to fund infrastructure in the Sherwood West area include the City's system development charges (SDCs) and regional development impact fees, described further below. Some additional funds may be available from other public agencies and other local funding tools, described at the end of this memorandum. All revenues shown are based on a full build out of the areas highlighted in the revised proposed map included in Appendix B. This analysis does not consider the timing of infrastructure costs or revenues.

- **City System Development Charges.** The City of Sherwood System Development Charges (SDC) are "one-time fees charged to new development to help pay a portion of the water, sewer, storm, parks and street costs associated with building infrastructure to meet needs created by growth."¹
- **Clean Water Services (CWS) Regional Connection Charge (RCC).** Clean Water Services is a water resources management utility providing sanitary sewer and surface water management in Washington County. This analysis assumes RCC revenue will be available for funding sanitary sewer infrastructure expansion in the Sherwood West area.
- **County Transportation Development Tax (TDT).** The TDT, passed by Washington County voters in 2008, is a one-time charge on development (like an SDC) that funds transportation capital improvements designed to accommodate growth. A list of eligible projects is maintained by the County and is "generally limited to improvements on major roads (arterials and collectors) and selected transit capital projects."²

Costs. Infrastructure costs were provided by the City engineering team. Not included are costs internal to development projects, such as site preparation and construction, that will be paid by private developers. Though the findings below show a funding surplus for some utilities, if construction costs continue to increase as rapidly as they have in recent years, future market conditions may lead to a deficit. Cost estimates and infrastructure layouts are provided in Appendix C.

¹ City of Sherwood, [System Development Charges](#), accessed February 12, 2024.

² Washington County Department of Land Use and Transportation, Transportation Development Tax Annual Reports 2009–Present.

Table 3. Sherwood West Infrastructure Funding Gap Analysis

	Water	Sanitary Sewer		Storm	Parks	Transportation		Total w/ all Revenues	Total w/ City Revenues Only
Revenues to City of Sherwood	City SDC	City SDC	CWS RCC	City SDC	City SDC	City SDC	County TDT		
North Industrial	\$2,549,335	\$367,836	\$913,573	\$1,487,714	\$1,229,935	\$1,847,614	\$11,578,629	\$19,974,636	\$7,482,434
South Hospitality	\$1,222,820	\$176,437	\$26,009,676	\$713,600	\$5,379,515	\$18,939,534	\$59,443,065	\$111,884,647	\$26,431,906
Total Sources	\$3,772,155	\$544,273	\$26,923,249	\$2,201,314	\$6,609,450	\$20,787,148	\$71,021,694	\$131,859,283	\$33,914,340
Costs to City of Sherwood									
North Industrial	\$8,662,500	\$0		\$4,725,000	\$0	\$16,213,000		\$29,600,500	\$29,600,500
South Hospitality	\$15,202,300	\$1,428,750		\$925,000	\$0	\$13,003,800		\$30,559,850	\$30,559,850
Total Uses	\$23,864,800	\$1,428,750		\$5,650,000	\$0	\$29,216,800		\$60,160,350	\$60,160,350
Funding Surplus/Gap	-\$20,092,645	\$26,038,772		-\$3,448,686	\$6,609,450	\$62,592,042		\$71,698,933	-\$26,246,010

Source: Leland Consulting Group

Findings

Across both scenarios, revenues generated under a full buildout of the North and South portions of the Sherwood West area are sufficient to cover estimated infrastructure costs for sanitary sewer, parks, and transportation, but not for water, or storm infrastructure. It is not unexpected to find a deficit for water infrastructure when considering that many local governments are challenged with funding infrastructure, and there are no regional revenues to support water infrastructure as in the case of sanitary sewer or transportation. Stormwater infrastructure shows a deficit, partly due to a reduction of assumed revenues (e.g., no CWS Regional Storm Drainage Improvement Charges were anticipated to be collected due to credits given for water detention and water quality projects, per City guidance). With an additional 45% reduction in assumed City storm water SDC collection (due to participation in water quality projects), a shortfall of roughly \$3.4 million is found for stormwater projects.

This is a preliminary analysis and should be revisited as the City conducts additional infrastructure planning, as development is implemented, and as other aspects of development in Sherwood West change—including any significant changes to costs or timing of development.

Funding Toolkit and Strategy

Recommended Funding Strategies

A broad range of tools can be considered for supplementing the estimated development impact fee revenues identified above. LCG's recommendations are informed by recent development experience in the region and review of existing resources, including the Phasing and Funding Strategy prepared by ECONorthwest for the Preliminary Concept Plan in 2016, and the 2020 Washington County Infrastructure Funding Plan Toolkit (which provides guidance on funding transportation infrastructure in urban reserve areas specifically).

Federal Funding Sources. Particularly for the North District, the City should keep an eye on funding opportunities offered by the Economic Development Administration for the development of employment lands, and consider partnering with regional economic development entities such as Greater Portland Inc when applying for federal funding.

State Funding Sources. Business Oregon operates industrial and employment land readiness programs that may have the potential to fund infrastructure development in the Sherwood West area, particularly in the North District. Additional opportunities for road construction supporting economic development are available through the Oregon Department of Transportation (ODOT).

- **Special Public Works Fund.** Business Oregon's Special Public Works Fund provides low-cost financing to eligible municipalities for planning, design, and construction of utilities and facilities essential to industrial growth, commercial enterprise, and job creation. Eligible projects include capital improvements (acquisition, preliminary and final design, & engineering) or planning projects (technical and financial feasibility studies) that assist in developing industrial lands, supporting an immediate job creation/retention/expansion opportunity, or replacement of essential community facilities. Loan funding is available for financing small to large projects with favorable interest rates and terms up to 30 years or the useful life of the project, whichever is less, for most projects.
- **Immediate Opportunity Fund.** The purpose of this ODOT-administered fund is to support economic development through the construction and improvement of streets and roads. This fund may only be used when other sources of financial support are unavailable or insufficient.
- **Emerging Opportunities.** The City should watch the state legislature for additional funding opportunities and re-authorization of past funding sources. Examples include the state's Regionally Significant Industrial Sites (RSIS) program, through which local governments can receive state income tax reimbursements to help fund industrial site development, and the Semiconductor Industrial Lands Loan Program (SILL).

Regional Sources. In addition to potential state sources mentioned above, securing "outside" funding sources for needed infrastructure can help reduce costs on a dollar-for-dollar basis. Therefore, the City should seek to leverage additional existing funding through other government sources, including:

- **Major Streets Transportation Improvement Program (MSTIP).** MSTIP is a county-wide road improvement program funded by countywide property taxes. The 2023-2028 System of Countywide Interest Map identifies Elwert Road as an "eligible arterial/principal," and may receive funding through MSTIP as a major road. There is MSTIP funding for SW Roy Rogers Road, but not currently for the portion adjacent to Sherwood West.
- **Metropolitan Transportation Improvement Program (MTIP).** MTIP, overseen by Oregon Metro, "records how all federal transportation money is spent in the Portland metropolitan area" and monitors significant state and locally funded projects with an impact on air quality.³ MTIP follows a four-year construction schedule and is updated every two to three years. Sherwood West projects may be eligible for the next round of MTIP funds.
- **Regional Flexible Funding.** Regional flexible funding for transportation projects, administered by Oregon Metro, provides "federal funding for investments in sidewalks, trails, and roadways in communities across the region." Regional funds not already allocated for ongoing commitments may be applied for by regional jurisdictions through a project selection process. Projects for the 2025-2027 cycle were selected in October 2022, but the City can plan to submit a project proposal for the next funding cycle. To be eligible for funding, the project will need to demonstrate alignment with regional investment priorities.

Supplemental SDC. Based on recent development experience in the region, especially Frog Pond West in Wilsonville, LCG recommends considering Supplemental SDCs to meet any funding gaps not closed by other sources. Supplemental SDCs are essentially additional SDCs for a sub-area of the City, paid by developers. By using the SDC tool, costs can be shared across multiple developers over time. As with standard SDCs, developers can be credited and/or reimbursed for oversized infrastructure that they construct that benefits other developers and/or the city as a whole. As with any development cost, the costs of supplemental SDCs will ultimately get passed on to homebuyers and commercial and residential tenants in the form of higher housing costs and rents. The next steps

³ Oregon Metro, [Regional Flexible Funding Allocation Overview](#), accessed February 12, 2024.

to implementing a supplemental SDC would involve the following, which should be managed by City staff with the support of a municipal finance consultant:

- Ongoing refinement of project engineering and costs;
- Outreach to property owners and developers to refine development projections and phasing and to negotiate the specifics of a potential fee;
- Financial modeling of a potential fee, including identification of specific projects that would be included in the fee and exploration of scenarios that might vary the fee in different parts of the Sherwood West area;
- Engagement of the Sherwood City Council and Planning Commission;
- Development of a final proposal for adoption.

Additional funding strategies

Additionally, the three funding tools identified as preferred in the Preliminary Concept Plan (in addition to supplemental SDCs) could also be considered, but would be a lower priority than supplemental SDCs, regional, and state sources:

- **Local Improvement District (LID).** "An LID is a special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space."⁴ With LIDs, landowners within the district are assessed a fee based on the proportional benefits they receive from the district, established at inception. LIDs typically require the approval of 60 percent of the affected property owners in the district. Owners benefit from paying costs over time and the City's access to a lower interest rate than typically available through commercial lending.⁵ LIDs would have much the same impact as a supplemental SDC, therefore LCG recommends focusing on a supplemental SDC as the primary tool before considering using LIDs.
- **Utility fees:** Utility fees for regional infrastructure are much less common in Oregon and, while allowed, would be relatively unique and less familiar to developers than a supplemental SDC. A utility fee also would be paid by end users (homeowners and tenants) and could therefore create a timing issue where revenues aren't realized until after the infrastructure is built.
- **Property Tax (GO) Bonds:** While citywide general obligation (GO) bonds backed by a temporary increase in property tax rates are a legal option for consideration, the need for a public vote and the fact that all city residents would bear the funding burden limits the appropriateness of this tool to infrastructure projects that have a citywide benefit. Given the need for a public vote and the greater ease of implementing other tools, LCG does not recommend GO bonds as a funding tool for Sherwood West.

Urban Renewal was also considered in the previous Phasing and Funding Strategy, but not as a preferred tool. Nevertheless, it could potentially be used with some caveats as discussed here. Through tax increment financing, urban renewal can help pay for infrastructure through the increase in property taxes that occur in the urban renewal area over time. Urban renewal is typically implemented in existing areas of a city where revitalization is desired or there is a need to address specific infrastructure deficiencies that are barriers to new investment, and its use in new undeveloped areas of the city may face political challenges in implementation. There are also strict limits on how much of a city can be within an urban renewal district, both by taxable value and geographically. This would need to be considered since Sherwood already has two existing urban renewal areas.

⁴ ECONorthwest, Preliminary Concept Plan Phasing and Funding Strategy, 2016.

⁵ Municipal Research and Services Center of Washington, [Local Improvement Districts \(LIDs\)](#), November 2023.

Conclusion

Key findings of this preliminary infrastructure funding strategy analysis include:

- Development envisioned for the focus areas of this analysis include employment uses in the North and hospitality uses along Highway 99W in the South.
- Several infrastructure projects are catalytic to making development possible in these areas. Transportation projects are projected as the highest-cost, including the extension of Elwert Road in the North and a new 2-lane collector in the South. Additional catalytic projects include expanding water service, which represents a particularly high cost in the South.
- Preliminary analysis shows a shortfall for water and storm infrastructure, and a surplus in transportation, sanitary sewer, and parks when regional connection charge revenues to Clean Water Services are included for sanitary sewer, and County TDTs for transportation.
- A range of funding tools for supplementing shortfalls exist—including regional and state sources, as well as supplemental SDCs.
- Next steps involve continued refinement of projects and costs and financial modeling and discussions with developers on a potential supplemental fee.

Appendix A: Methodology

The following assumptions were made for the Sherwood West Concept Plan Preliminary Infrastructure Funding Strategy revenue gap analysis, which compares estimated System Development Charge (SDC) revenues and other impact fees from future development to the costs of necessary infrastructure improvements for Sherwood West.

Cost Calculation

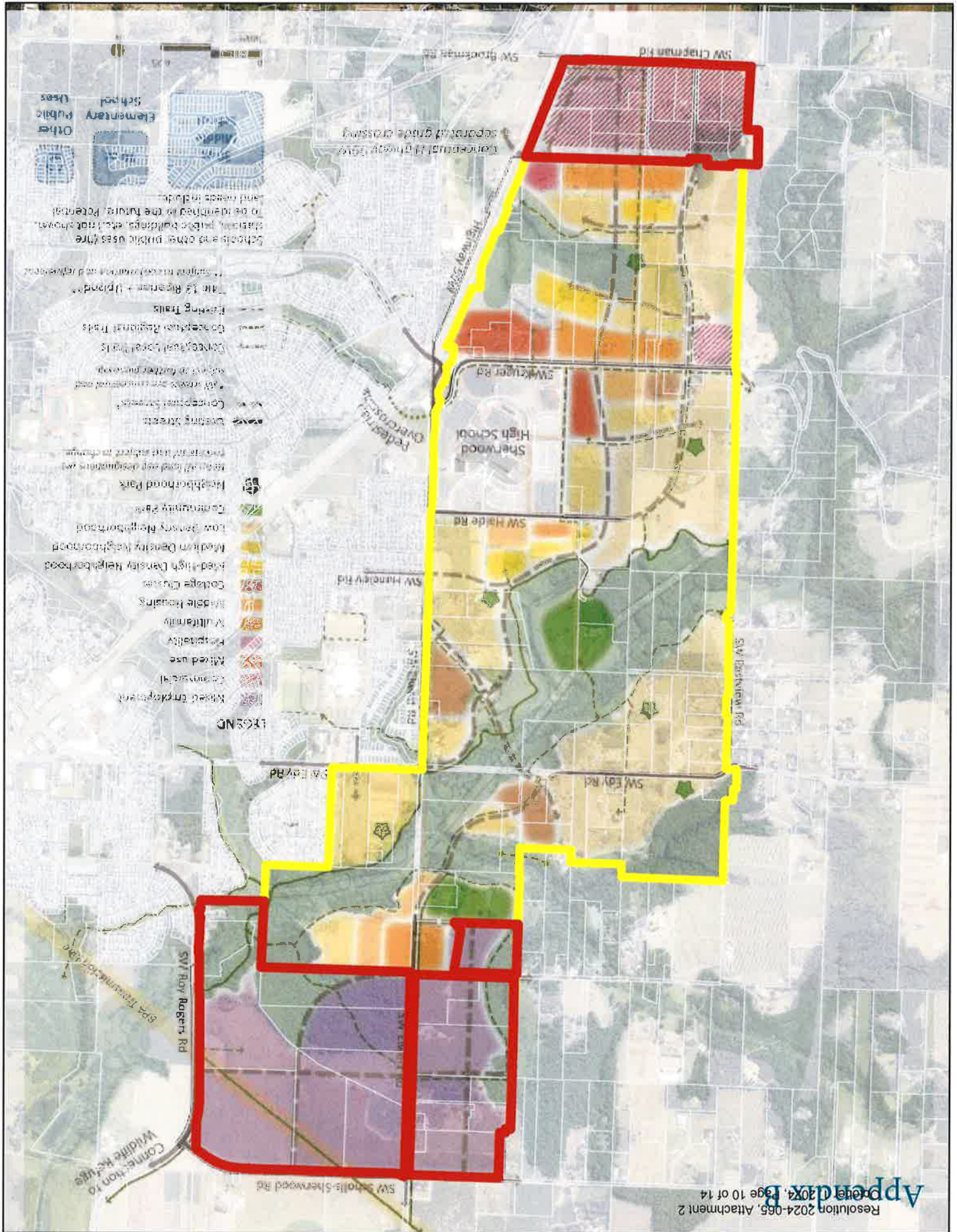
- Costs were supplied by the City for the North and South districts (see Appendix B for a map that city engineers used to develop sector cost estimates).
- Cost assumptions for planned offsite capital improvement projects that would benefit development in these areas were not included, per City guidance.

Revenue Calculation

	Revenue Calculation Methodology
Water	<p>For all mixed employment and hospitality uses:</p> <p>Net acreage * 2.05 * 5/8-3/4" meter SDC</p> <ul style="list-style-type: none"> • The 2.05 multiplier is derived from the 2015 Sherwood Water Master Plan's estimate of 437 gallons per day per buildable acre for non-residential uses, divided by the 213 gallon per day per Equivalent Residential Unit (ERU) per buildable acre estimate.
Sanitary Sewer	<p>City SDC</p> <p>For all mixed employment and hospitality uses, an estimated gallon per day multiplier was applied to net acreage.</p> <p>Net acreage * 2.91 * SDC</p> <ul style="list-style-type: none"> • The 2.91 multiplier is derived from the 2015 Sherwood Water Master Plan's estimate of 437 gallons per day per buildable acre of water use for non-residential uses divided by the 150 gallon per day to convert to EDUs.⁶ • The SDC reimbursement and improvement charge for the UGB Minus Brookman and Tonquin Employment Area was used. <p>CWS RCC calculation</p> <p>CWS RCC charges are based on a fixture count method—or the number of fixtures (such as sinks) contributing to the sewage system. According to the CWS rate schedule (pg. 20), 1 Dwelling Unit Equivalent = 16 fixture units. Employment land was translated into fixture units (FU) as follows:</p> <p>((Net acreage * FAR * 43,560)/avg SF per business) * (multiplier * RCC)</p> <p>A FAR assumption was applied to net acreage, and divided by average square foot for business assumptions.</p>

⁶ The City's 2016 [Sewer Master Plan](#) estimates 850 gallons-per-acre per day (gpac) for employment industrial and 1,000 gpac for commercial zones. However, since sewage uses are conventionally balanced with water use, the lower and more conservative water use number was used for sanitary sewage SDC revenue calculations.

	<ul style="list-style-type: none"> Mixed Employment: FAR 0.35; 46,000 SF per business Hospitality: FAR 1.5; 6,000 SF per business <p>The resulting estimated business count was multiplied by the RCC charge, with a multiplier applied based on estimated sanitary sewer intensity of the business type. This multiplier was based on average fixture units for industrial and commercial businesses, using data provided by the City:</p> <ul style="list-style-type: none"> Mixed Employment: 3.1 = 50 average FU divided by 16 Hospitality: 5.6 = 90 average FU divided by 16
Stormwater	<p>Stormwater system SDCs are based on equivalent service units (ESU), where 1 ESU = 2,640 square feet of impervious surface area (estimated at 80% of net acreage).</p> <p>(Impervious acres*(43,560/2,640)) * SDC</p> <ul style="list-style-type: none"> The ESU rate was discounted by 45% with the expectation that many users will receive a 45% discount for designs that support water quality. Note: the CWS Regional Storm Drainage Improvement Charge was not tracked because most users have charges waived because their projects provide water quality as well as water detention services.
Parks	<p>A fee per employee was charged. Number of employees were estimated based on Floor Area Ratio (FAR) assumptions and square foot per job assumptions.</p> <p>(Net acreage * FAR * (43,560/SF per job)) * SDC</p> <p>Floor Area Ratio (FAR) assumptions:</p> <ul style="list-style-type: none"> Mixed Employment: 0.35 Hospitality: 1.5 <p>SF per job assumptions:</p> <ul style="list-style-type: none"> Mixed Employment: 1,000 SF per job (conservative assumption based on manufacturing category estimates from City data) Hospitality: 470 SF per job (retail estimate from City data) <p>The non-residential SDC rate was applied per job.</p>
Transportation	<p>For both City SDCs and County TDTs, fees were applied per 1,000 square feet of gross floor area (TSFGFA), after applying an FAR assumption to net acreage.</p> <p>(Net acreage * FAR * (43,560/1,000)) * SDC or TDT</p> <p>Floor Area Ratio (FAR) assumptions:</p> <ul style="list-style-type: none"> Mixed Employment: 0.35 Hospitality: 1.5 <p>SDCs and TDTs for the following "Types" were used:</p> <ul style="list-style-type: none"> Mixed Employment: average of "General Light Industrial" and "Manufacturing" rates Hospitality: "Shopping Center." While the City and County have separate SDCs for Hotel/Motel uses, because they are calculated based on the number of hotel rooms—which cannot be estimated at this preliminary stage—and because development in this area will consist of a diversity of development (including retail and restaurants), the Shopping Center SDC/TDT was retained as an estimate.



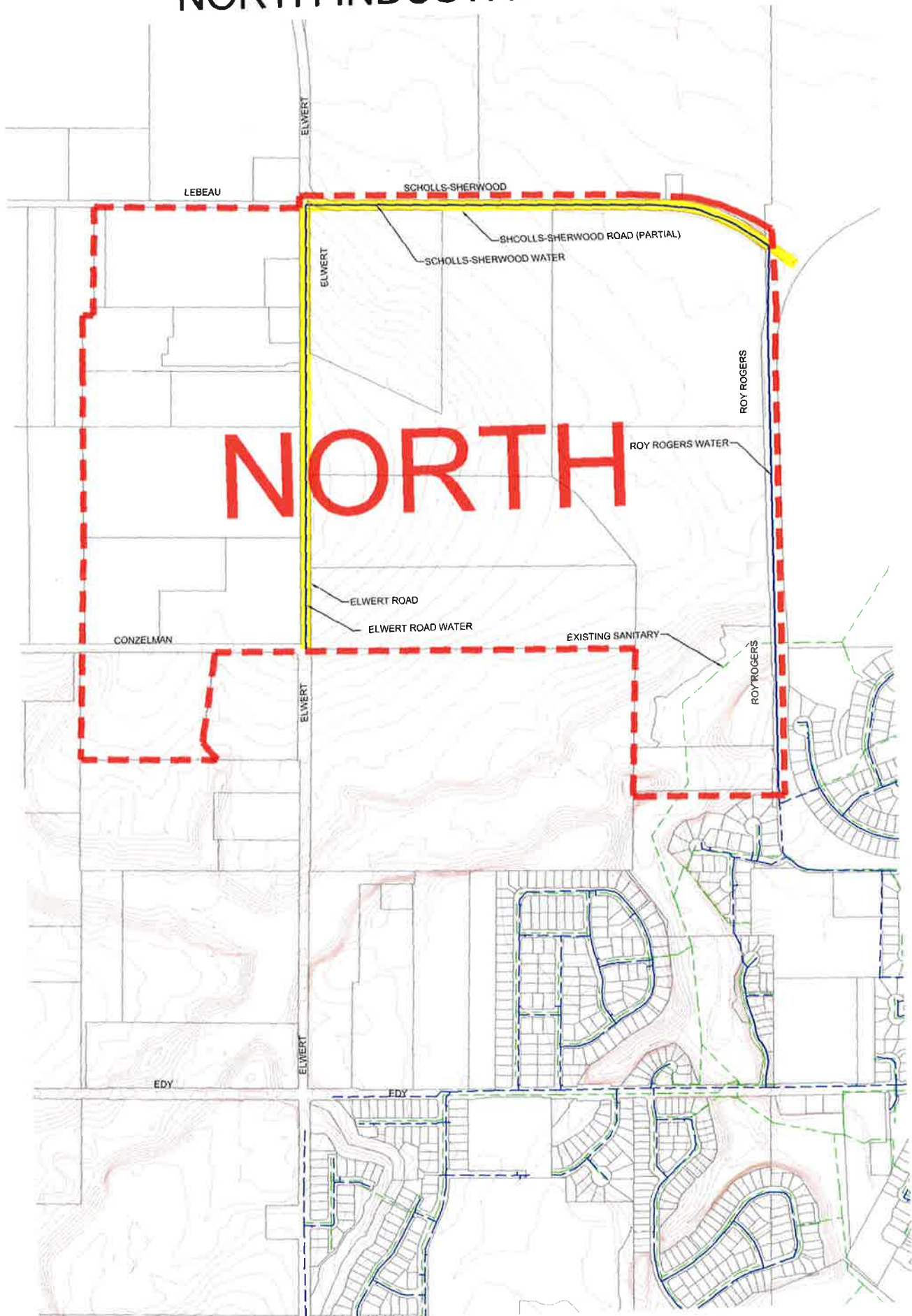
Cost Estimate for Public Infrastructure for Sherwood West

NORTH ZONE INDUSTRIAL			
Public (Street) Transportation Infrastructure			
Street Segment	Length	Cost per Length	Cost
Elwert Road	2640	\$ 2,000.00	\$ 5,280,000.00
Elwert/Scholls Intersection	1	\$ 1,500,000.00	\$ 1,500,000.00
Remove Elwert Road	0	\$ 600,000.00	\$ -
Scholls Sherwood (partial)	3050	\$ 800.00	\$ 2,440,000.00
Subtotal			\$ 9,220,000.00
Design Costs			\$ 1,844,000.00
Construction Mangement			\$ 1,844,000.00
Land Acquisition			\$ 1,000,000.00
Contingency (25% of Const.)			\$ 2,305,000.00
Total			\$ 16,213,000.00
Storm Improvements			
Extension to Chicken Creek	0	\$ 500.00	\$ -
Elwert Road	0	\$ 1,000.00	\$ -
Scholls-Sherwood (Partial)	0	\$ 500.00	\$ -
Scholls-Sherwood Facility	1	\$ 1,250,000.00	\$ 1,250,000.00
Elwert Facility	1	\$ 1,250,000.00	\$ 1,250,000.00
Chicken Creek Crossing (Assume No Bridge)	0	\$ 1,000,000.00	\$ -
Subtotal			\$ 2,500,000.00
Design Costs			\$ 500,000.00
Construction Mangement			\$ 500,000.00
Land Acquisition			\$ 600,000.00
Contingency (25% of Const.)			\$ 625,000.00
Total			\$ 4,725,000.00
Sanitary Improvements			
Trunk Line	0	\$ 500.00	\$ -
Chicken Creek Crossing	0	\$ 750.00	\$ -
Subtotal			\$ -
Design Costs			\$ -
Construction Mangement			\$ -
Land Acquisition			\$ -
Contingency (25% of Const.)			\$ -
Total			\$ -
Water Improvements			
Scholls-Sherwood	3050	\$ 600.00	\$ 1,830,000.00
Elwert Road	2640	\$ 600.00	\$ 1,584,000.00
Roy Rogers	3060	\$ 600.00	\$ 1,836,000.00
Subtotal			\$ 5,250,000.00
Design Costs			\$ 1,050,000.00
Construction Mangement			\$ 1,050,000.00
Contingency (25% of Const.)			\$ 1,312,500.00
Total			\$ 8,662,500.00
Total ALL			\$ 29,600,500.00

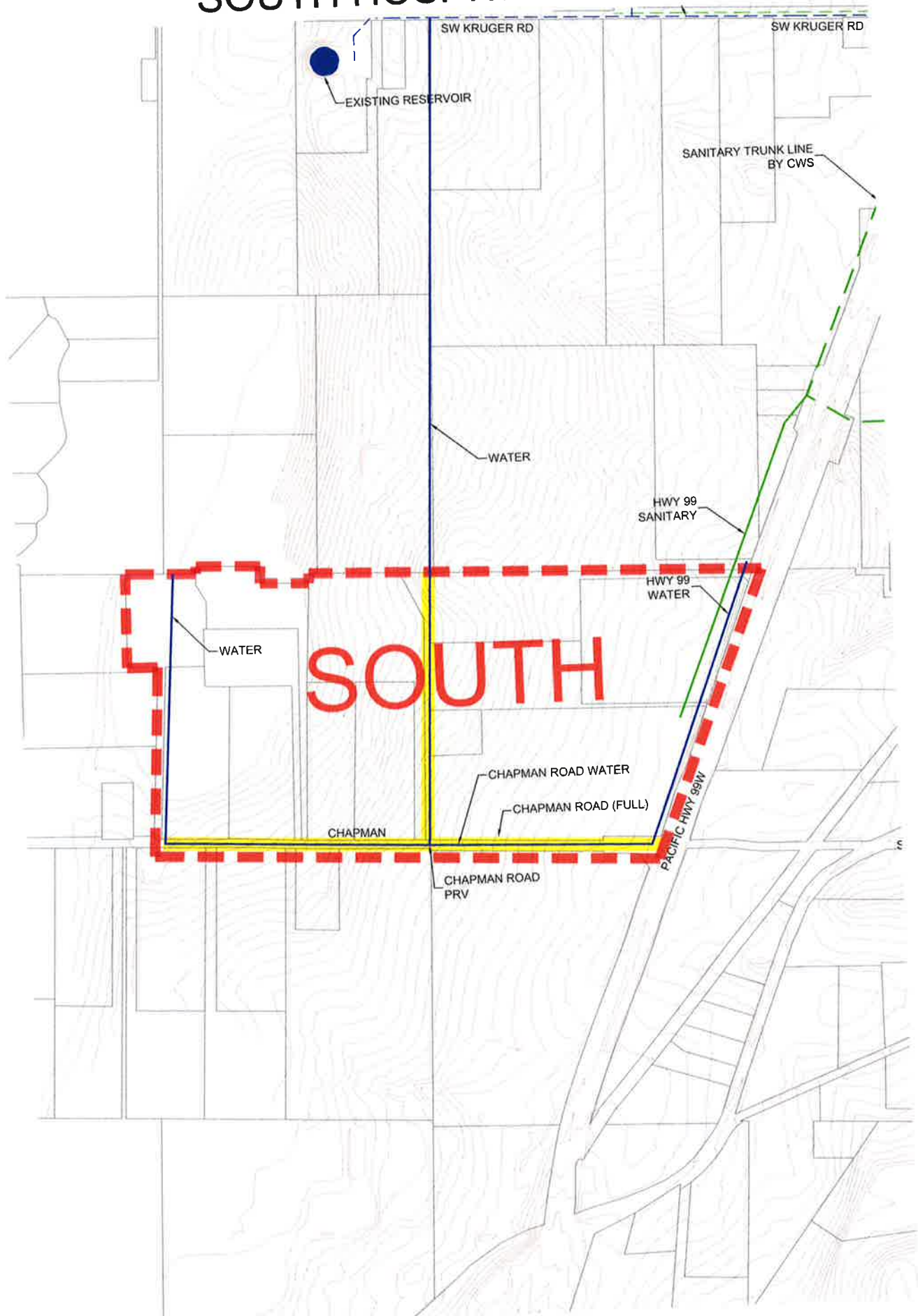
Cost Estimate for Public Infrastructure for Sherwood West

South Hospitality Zone			
Public (Street) Transportation Infrastructure			
Street Segment	Length	Cost per Length	Cost
New Collector (2-lane)	1320	\$ 1,600.00	\$ 2,112,000.00
Chapman Road (full)	2430	\$ 2,000.00	\$ 4,860,000.00
	Subtotal		\$ 6,972,000.00
	Design Costs		\$ 1,394,400.00
	Construction Mangement		\$ 1,394,400.00
	Land Acquisition		\$ 1,500,000.00
	Contingency (25% of Const.)		\$ 1,743,000.00
	Total		\$ 13,003,800.00
Storm Improvements			
New Collector (2-lane)	0	\$ 400.00	\$ -
Chapman Road (full)	0	\$ 1,000.00	\$ -
	0	\$ -	\$ -
Regional Facilities	1	\$ 500,000.00	\$ 500,000.00
	Subtotal		\$ 500,000.00
	Design Costs		\$ 100,000.00
	Construction Mangement		\$ 100,000.00
	Land Acquisition		\$ 100,000.00
	Contingency (25% of Const.)		\$ 125,000.00
	Total		\$ 925,000.00
Sanitary Improvements			
Highway 99	1550	\$ 500.00	\$ 775,000.00
	0	\$ -	\$ -
	Subtotal		\$ 775,000.00
	Design Costs		\$ 155,000.00
	Construction Mangement		\$ 155,000.00
	Land Acquisition		\$ 150,000.00
	Contingency (25% of Const.)		\$ 193,750.00
	Total		\$ 1,428,750.00
Water Improvements			
Highway 99	1400	\$ 600.00	\$ 840,000.00
Chapman Road	2410	\$ 600.00	\$ 1,446,000.00
Chapman Road PRV	1	\$ 200,000.00	\$ 200,000.00
Pump Facility	1	\$ 4,500,000.00	\$ 4,500,000.00
Water Finish Loop (partial)	1280	\$ 400.00	\$ 512,000.00
New Collector	3910	\$ 400.00	\$ 1,564,000.00
	Subtotal		\$ 9,062,000.00
	Design Costs		\$ 1,812,400.00
	Construction Mangement		\$ 1,812,400.00
	Land Acquisition		\$ 250,000.00
	Contingency (25% of Const.)		\$ 2,265,500.00
	Total		\$ 15,202,300.00
	Total ALL		\$ 30,559,850.00

NORTH INDUSTRIAL ZONE



SOUTH HOSPITALITY ZONE



SCALE 1:400



SHERWOOD WEST CONCEPT PLAN

METRO URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN TITLE 11 FINDINGS FOR SHERWOOD WEST – INDUSTRIAL AND HOSPITALITY EXPANSION

Compliance with Metro Code 3.07.1110 -

FROM: Eric Rutledge, Community Development Director
DATE: September 2024

INTRODUCTION

The Sherwood West Concept Plan (Concept Plan) is a long-range plan intended to guide Sherwood community members, decision makers, and staff as they make plans and decisions about future growth in Sherwood West. The Concept Plan illustrates how a portion of Sherwood West, Metro's Urban Reserve Area 5b, can be incorporated into the fabric of the city.

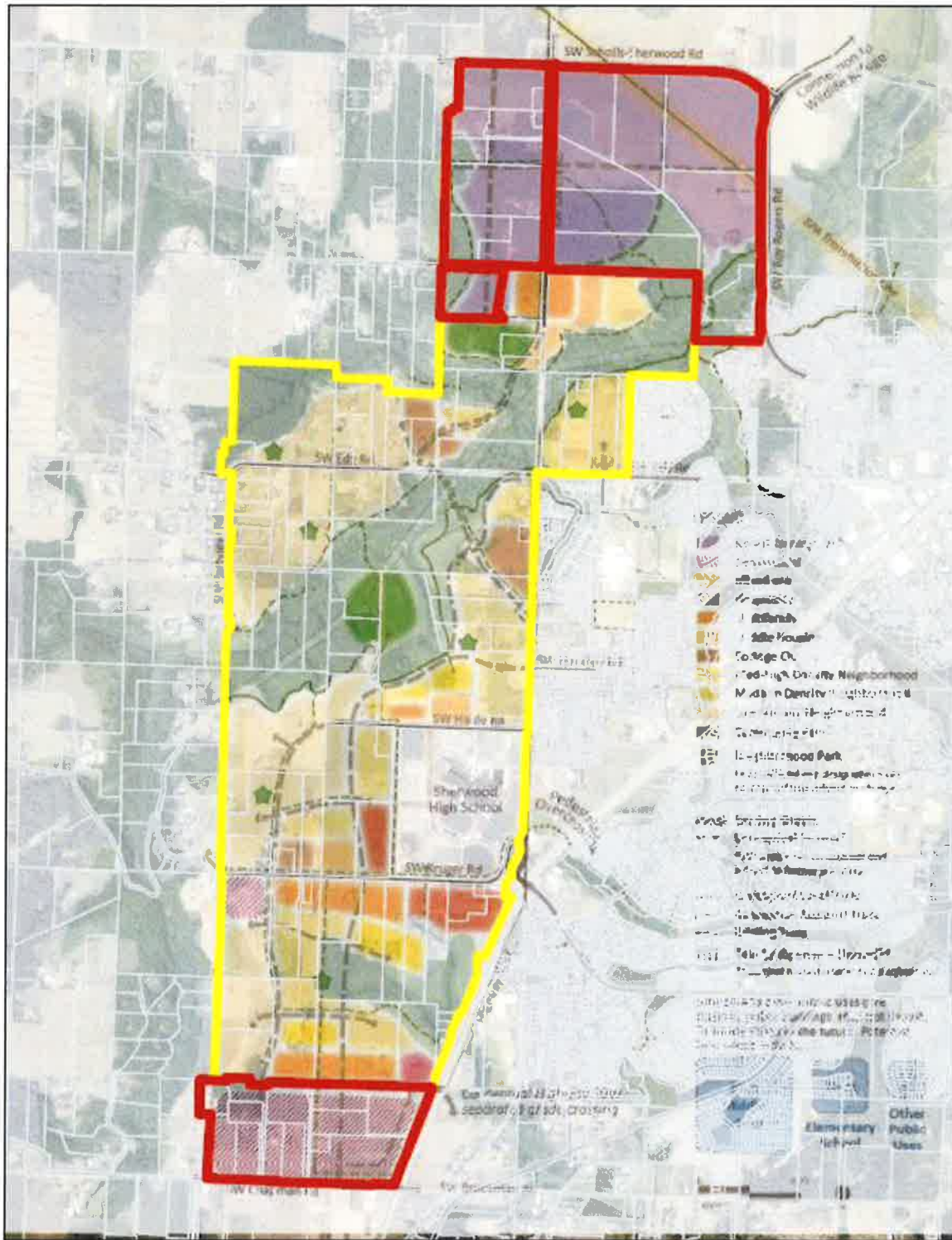
The City is requesting expansion of a portion of the Sherwood West planning area as part of the 2024 Urban Growth Management Decision. The proposal is for an approximately 312-acre expansion including land for future industrial and hospitality uses. The City will consider a UGB expansion for the remaining portions of the Sherwood West Concept Plan in future legislative or mid-cycle opportunities.

The City acknowledges the requirements of Metro Code Section 3.07.1420 - 1425, Legislative Amendment to the UGB, and has actively participated in the growth management process being led by Metro. If a regional need for additional employment land exists, the City respectfully requests the industrial and hospitality portions of Sherwood West depicted in Figure 1 below be brought into the Urban Growth Boundary in 2024.

The findings in this memorandum demonstrate the plan's compliance with Title 11 of Metro's Urban Growth Management Functional Plan (UGMFP). Specifically, these findings address Metro Code Section 3.07.1110, Planning for Designated Urban Reserves, which are concept planning requirements. Once the identified portions of Sherwood West are brought into the UGB, Sherwood will begin the comprehensive planning process.

The Sherwood West Concept Plan was accepted by the Sherwood City Council on July 18, 2023 and re-accepted on March 5, 2024 to incorporate the North District Refinement Study. Appendix O – Preliminary Infrastructure Funding Strategy – has been updated to reflect an industrial and hospitality zone only expansion.

Figure 1: Sherwood West Concept Plan Area – proposed expansion area shown in red



METRO TITLE 11: PLANNING FOR NEW URBAN AREAS

Section 3.07.1110 Planning for Areas Designated Urban Reserve

(a) The county responsible for land use planning for an urban reserve and any city likely to provide governance or an urban service for the area, shall, in conjunction with Metro and appropriate service districts, develop a concept plan for the urban reserve prior to its addition to the UGB pursuant to sections 3.07.1420, 3.07.1430 or 3.07.1435 of this chapter. The date for completion of a concept plan and the area of urban reserves to be planned will be jointly determined by Metro and the county and city or cities.

Response: The City of Sherwood will provide governance and most urban services in Sherwood West. The City has taken the lead on concept planning the area through a Metro Planning and Development Grant. Engaging with Sherwood residents and urban service providers was considered essential for producing a plan that reflects community values while creating a livable community with high quality public services. Metro, Washington County, and other key service districts were included in the planning process. The Sherwood West Citizen's Advisory Committee (CAC) and Technical Advisory Committee (TAC) guided staff in development of the plan over the course of 26 public meetings (13 with each committee).

The CAC was made up of 16 community members who live or own property in Sherwood city limits and Sherwood West, including city residents serving on Sherwood's Parks Board, Planning Commission, City Council, and one representative from the Sherwood School District. The TAC was comprised of representatives of urban service providers, local jurisdictions, and stakeholder groups including Metro, Washington County Department of Land Use and Transportation, City of King City, Tualatin Valley Fire and Rescue, Clean Water Services, Oregon Department of Transportation, Tualatin River National Wildlife Refuge, Home Building Association of Greater Portland and the Commercial Real Estate Development Association.

The City acknowledges the requirements of Metro Code Section 3.07.1420 – 1425 and has participated in the 2024 growth management decision process. Staff and elected officials from the City are serving on the Land Use Technical Advisory Committee (LUTAG) and Stakeholder Roundtable group.

(b) A local government, in creating a concept plan to comply with this section, shall consider actions necessary to achieve the following outcomes:

- (1) If the plan proposes a mix of residential and employment uses:***
- (2) If the plan involves fewer than 100 acres or proposes to accommodate only residential or employment needs, depending on the need to be accommodated:***

Response: The proposed employment land expansion is for approximately 312-acres, including 79-acres of hospitality land and 233-acres of industrial land. No residential uses are proposed.

(c) A concept plan shall:

- (1) Show the general locations for any residential, commercial, industrial, institutional and public uses proposed for the area with sufficient detail to allow estimates of the cost of the public systems and facilities described in paragraph (2);***

Response: The City of Sherwood places a high priority on well-planned, efficient land uses and public infrastructure to serve new development. Figures 8 and 13 of the Concept Plan show the proposed land use and transportation system for Sherwood West. The Concept Plan's Preliminary Infrastructure Funding Strategy (Concept Plan Appendix O) is consistent with City priorities and implements Concept Plan Goal #6, which states "growth and development are well-planned, and implementation of the area is pragmatic."

The Preliminary Infrastructure Funding analysis includes planning level cost estimates for non-local infrastructure projects in Sherwood West and compares those to potential revenues that will be generated under current City, County, and CWS System Development Charges (SDCs). Local infrastructure is expected to be provided by the developer. The analysis shows a revenue shortfall for water and storm and a surplus for transportation, sanitary sewer and parks.

The funding gap analysis includes a wide range of options for how the City will make up the difference in revenue including supplemental SDCs specific to Sherwood West, Local Improvement Districts, and grants and loans, among other options. The cost and revenue estimates for this analysis are rough estimates and will be refined in subsequent planning phases.

- (2) For proposed sewer, park and trails, water and storm water systems and transportation facilities, provide the following:***

- (A) The general locations of proposed sewer, park and trail, water and stormwater systems;***

Response: The general locations of the facilities listed in subsection (A) above are described and depicted throughout the Concept Plan and in Appendix O. As this is an employment land only expansion, no parks are proposed.

- (B) The mode, function and general location of any proposed state transportation facilities, arterial facilities, regional transit and trail facilities and freight intermodal facilities;***

Response: The Conceptual Street Framework, Concept Plan Figure 14 shows the location of existing and planned roads within Sherwood West. Figure 21 shows the potential for transit to connect Sherwood West development and trip generators in the existing city limits. The Infrastructure and Phasing memo, Concept Plan Appendix N, describes the arterials and collectors in additional detail. Three transportation concepts in the plan include:

Transit Readiness: Sherwood West is planned to be transit ready. The plan helps Sherwood West be transit ready by planning land uses, streets, and trails to accommodate and support future transit service. Concept Plan Figure 22 identifies potential future transit routes connecting Sherwood West and the regional Town Center.

Elwert Rd. Design: SW Elwert Road is a Washington County street and key north-south arterial providing access to and defining urban design in Sherwood West. Design concepts for the roadway are aimed at making Elwert Rd. a livable and positive addition to Sherwood West and the existing neighborhoods on its east side. SW Elwert Rd. is proposed as a safe, connected, and attractive boulevard with buffered sidewalks, bike lanes, a planted median with canopy trees, safe crossings, and path connections to key sites and destinations.

Potential Elwert Rd. Realignment: The Concept Plan examined whether to maintain the SW Elwert Rd. / SW Edy Rd. intersection at its current location or re-align the intersection to minimize impacts to existing wetlands and natural resources. The CAC and project team recommended the realignment approach, however, further analysis including a more in-depth environmental, engineering, and cost analysis will be necessary before the decision about the road's alignment is finalized. The Implementation section of the Concept Plan provides further details regarding the needs for these analyses, including coordination with Washington County.

(C) The proposed connections of these systems and facilities, if any, to existing systems;

Response: Most development can in the industrial and hospitality zones can be served by expanding existing street networks. The northern industrial district will be served by SW Roy Rogers Rd. and SW Scholls-Sherwood Rd. A new collector street is proposed to provide connectivity through the industrial zone. The hospitality zone in the south has frontage along Highway 99W and SW Chapman Rd.

(D) Preliminary estimates of the costs of the systems and facilities in sufficient detail to determine feasibility and allow cost comparisons with other areas;

Response: The cost and feasibility of infrastructure was a major focus of the planning process. Planning level design and cost estimates for infrastructure are included in the Preliminary Infrastructure Funding Strategy, Concept Plan Appendix O.

The cost and revenue estimates will be refined in subsequent planning phases. Please see the Infrastructure and Phasing Memo, Concept Plan Appendix N, and the Preliminary Infrastructure Funding Strategy, Concept Plan Appendix O for full details. Appendix N addresses infrastructure phasing for the entirety of Sherwood West under future UGB expansions beyond the 2024 cycle.

(E) Proposed methods to finance the systems and facilities; and

Response: Local infrastructure is generally provided by developers with development. Non-local infrastructure will be funded with a variety of methods. The City and Washington County collect SDCs for transportation and other urban utilities. Where existing rates of SDCs do not cover the cost of infrastructure, the Preliminary Infrastructure Funding Strategy (Appendix O) identifies potential funding sources and strategies to close the gap. These sources include:

- Federal funding sources such as the Economic Development Administration
- State Funding Sources including:
 - Special Public Works Fund
 - Community Paths Grants
 - Immediate Opportunity Fund
 - Emerging Opportunities within the state legislature (i.e. SB 1537; 2023)
- Regional Sources including:
 - Major Streets Transportation Improvement Program (MSTIP)
 - Metropolitan Transportation Improvement Program (MTIP)
 - Regional Flexible Funding
- Supplemental System Development Charges (SDCs), paid by developers

Additional sources of funds for infrastructure development identified as lower-priority options include:

- Local Improvement Districts (LIDs)
- Utility Fees
- Property Tax (General Obligation) Bonds
- Urban Renewal

(F) Consideration for protection of the capacity, function and safe operation of state highway interchanges, including existing and planned interchanges and planned improvements to interchanges.

Response: There are no existing or planned state highway interchanges in the Sherwood West area.

(3) If the area subject to the concept plan calls for designation of land for industrial use, include an assessment of opportunities to create and protect parcels 50 acres or larger and to cluster uses that benefit from proximity to one another;

Response: The Mixed Employment zone in the North District is envisioned as an industrial zone. This zone has favorable characteristics for siting industrial uses including large sites, relatively flat topography (less than 3-5% slopes), few property owners, and easy access to major freight routes. The North District Refinement Study evaluated opportunities to create and protect parcels greater than 50-acres (Table 6). The study concluded that opportunity exists on the east side of SW Elwert Rd. within the mixed-

employment zone to create parcels larger than 50-acres. Taking into account City and County standards for streets and access, Table 6 indicates that an 83-acre net developable site can be created. Smaller parcels between 8 – 27 acres can be created on the west side of SW Elwert Rd. within the mixed-employment zone. While this criterion addresses large sites, the region is experiencing a need for smaller industrial sites that can also be accommodated in Sherwood West.

Table 6: Mixed-employment zone parcel size analysis (Concept Plan Appendix R – Table 2)

TABLE 2: SCENARIO B POTENTIAL DEVELOPMENT SITES				
Site	East or West of SW Elwert Road	Gross Area (acres)	Title 13 Area (acres)	Area outside Title 13 Area (acres)
B1	West	15.4	0	15.4
B2	West	20.0	7.7	12.3
B3	West	35.3	7.8	27.5
B4	West	12.0	3.7	8.3
Total (West)	West	82.7	19.2	63.5
B5	East	95.8	12.7	83.1
B6	East	54.3	47.1	7.2
Total (East)	East	150.1	59.8	90.3
Total		232.8	79.0	153.8

Need for Large Sites

The 2023 Sherwood Economic Opportunities Analysis (EOA) indicates that the remaining employment land in the City's UGB is primarily composed of smaller lots of less than 10 acres and that there are no industrial building sites within the city or its UGB over 10 acres. The remaining small-sized parcels will not be suitable for the types of traded sector industries being targeted by the City and supported by recent state and federal initiatives (i.e. CHIPS). These include semiconductors and electronics, cleantech, advanced manufacturing, software and media, and other technology-focused companies that will create higher-paying jobs.

To accommodate the City's employment needs, the EOA indicates there is a need for 277 acres of additional land outside of the current UGB. Sherwood West represents the only viable location for the growth of these targeted industries in the urban reserve since traded sector companies require larger, flatter sites that can be assembled for maximum flexibility and productivity. Parcel sizes within the Sherwood West's North Employment District offer the necessary parcel sizes and slopes of less than 3 percent.

Based on feedback from the Technical Advisory Committee and local real estate brokers, maintaining flexibility in lot size is valuable in making sites attractive for development by employers. Thus, the City's preference is to have Metro designate the Mixed Employment portion of the North District as an Employment Area rather than an Industrial Area or a Regionally Significant Industrial Area.

- (4) *If the area subject to the concept plan calls for designation of land for residential uses, the concept plan will describe the goals for meeting housing needs for the concept planning area in the context of housing needs of the governing city, the county and the region if data on regional housing needs are available. As part of this statement of objectives, the concept plan shall identify the general number, price and type of market and non-market provided housing. The concept plan shall also identify preliminary strategies, including fee-waivers, subsidies, zoning incentives and private and nonprofit partnerships, that will support the likelihood of achieving the outcomes described in subsection B of this section;***

Response: No residential land is proposed as part of the expansion.

- (5) *Show water quality resource areas, flood management areas and habitat conservation areas that will be subject to performance standards under Titles 3 and 13 of this chapter;***

Response: Natural resources were mapped as part of the Concept Plan including those identified in Titles 3 and 13 (Concept Plan Figure 4). As part of the comprehensive planning process, the City will undertake an Economic, Social, Environmental, and Energy (ESEE) analysis to evaluate and determine protection programs for significant natural resources. Through discussion with Metro staff, the City understands that the previous ESEE analysis completed by Metro in 2005 likely considered rural development in its alternatives analysis. Once brought into the UGB, the ESEE analysis completed by the City will instead consider the benefits of urban development to identify the amount of allowable habitat impact.

- (6) *Be coordinated with comprehensive plans and land use regulations that apply to nearby lands already within the UGB;***

Response: As described in subsections (3) and (4) above, the Concept Plan proposes land uses to address the City's shortage of employment lands pursuant to the adopted EOA. In this regard, the Concept Plan is coordinated with City's Comprehensive Plan and the allowed employment uses in the implementing regulations. Other coordination points include the Brookman Road Concept Plan, 2021 Parks Master Plan, 2016 Transportation System Plan, and other utility master plans. All of the adopted Master Plans, Concept Plans, and system plans were taken into consideration when planning for Sherwood West.

- (7) *Include an agreement between or among the county and the city or cities and service districts that preliminarily identifies which city, cities or districts will likely be the providers of urban services, as defined in Oregon Revised Statutes (ORS) 195.065(4), when the area is urbanized;***

Response: The City and project team coordinated with service providers throughout the planning process. The application includes a copy of the existing Urban Planning Area Agreement between the City of Sherwood and Washington County and a new Intergovernmental Agreement between the jurisdictions. The application also includes Letters of Support from applicable urban service providers defined in ORS 195.065(4). A summary is provided below:

Table 7: Governance and Urban Services for the Sherwood West area

Urban Service	Likely Provider	Agency Coordination
Streets and Roads	City of Sherwood and Washington County	UPAA, IGA, Letter of Support
Sanitary Sewer	City of Sherwood and Clean Water Services	Letter of Support
Mass Transit	TriMet	Letter of Support
Fire Protection	Tualatin Valley Fire & Rescue	Letter of Support
Water	City of Sherwood	-
Parks, Recreation and Open Space	City of Sherwood	-

- (8)** *Include an agreement between or among the county and the city or cities that preliminarily identifies the local government responsible for comprehensive planning of the area, and the city or cities that will have authority to annex the area, or portions of it, following addition to the UGB;*

Response: The City of Sherwood and Washington County have an existing Urban Planning Area Agreement that defines responsibilities for comprehensive planning and annexation authority in Sherwood West. The agreement has been included as part of the application. The City is responsible for long-range planning and annexation of the Urban Reserve 5b (Sherwood West).

- (9)** *Provide that an area added to the UGB must be annexed to a city prior to, or simultaneously with, application of city land use regulation to the area intended to comply with subsection C of section 3.07.1120; and*

Response: Comprehensive Planning of Sherwood West will occur after the UGB expansion is approved and will comply with Metro Code section 3.07.1120(C) including any Conditions of Approval assigned in the approval ordinance. In addition to compliance with Metro Code and any Conditions of Approval, the City's Comprehensive Plan policies will apply. The City is also considering new annexation policy that would apply to areas within the UGB.

Sherwood 2040 Comprehensive Plan

Goal 3 – Ensure that the rate, amount, type, location and cost of new development will preserve and enhance Sherwood's quality of life so that it is accessible to all community members.

POLICY 3.3: Provide for compatible, phased, and orderly transition from rural to suburban or urban uses, reflecting Sherwood's landform on adjacent land outside Sherwood city limits or the Metro urban Growth Boundary.

POLICY 3.4: Ensure annexation to the City occurs in an orderly and coordinated manner, and services are provided to support urban growth consistent with the 2040 Vision.

(10) *Be coordinated with school districts, including coordination of demographic assumptions.*

Response: Sherwood West will be served by the Sherwood School District. As such, a representative of the School District served on the Citizens Advisory Committee and provided input on the plan throughout the planning process. The proposed schools within Sherwood West are based on demographic assumptions and include one new middle school and one new elementary school. The School District has provided a Letter of Support for Sherwood West which is included in the application.