

**AGENDA**  
**WORK SESSION**  
**MILWAUKIE CITY COUNCIL**

**JANUARY 15, 2008**

**MILWAUKIE CITY HALL**

Second Floor Conference Room  
10722 SE Main Street

A light dinner will be served.

***WORK SESSION – 5:30 p.m.***

Discussion Items:

	<u>Time</u>	<u>Topic</u>	<u>Presenter</u>
1.	5:30 p.m.	Updated Planning Commission Work Plan for FY 2008 - 2009	Katie Mangle
2.	5:50 p.m.	Street Operations Fund Outlook	Alex Campbell
3.	6:10 p.m.	Downtown Milwaukie Market Expectations	Kenny Asher / Jerry Johnson
4.	6:40 p.m.	Library Funding	Mike Swanson
5.	6:50 p.m.	Adjournment	

***EXECUTIVE SESSION***

Executive Session: The Milwaukie City Council may go into Executive Session pursuant to ORS 192.660(2). All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.

**Public Notice**

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the one previous to it.
- For assistance/service per the Americans with Disabilities Act (ADA) please dial TDD (503) 786-7555.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.



**To: Mayor and City Council**

**Through: Mike Swanson, City Manager**  
**Kenny Asher, Director of Community Development and Public Works**

**From: Katie Mangle, Planning Director**

**Subject: Updated Planning Commission Work Plan for FY 2007-8**

**Date: January 2, 2008 for January 15, 2008 Work Session**

### **Action Requested**

No action required. Discuss the updated Planning Commission Work Program for fiscal year 2007-8, and how best to involve or inform Council on code amendment projects.

### **Background**

In May 2007, the Planning Commission reviewed its annual work program with City Council. The two groups agreed that, in addition to managing the land use permitting process, Planning staff would assist the Commission with a set of long-range planning and code amendment projects. After conducting public hearings on land use matters, completion of the Transportation System Plan (TSP) was top on the list of projects. The TSP consumed all available staff time until Council adopted it on December 4. Now that the TSP project has been completed, staff and the commission are ready to tackle other projects on the list.

The work plan presented in May 2007 included a set of code amendment projects. The Commission identified amendments to the following code sections as being the priority:

- Section 19.1400 – Transportation Planning
- Chapter 14 - Sign Code
- Section 19.321 - Downtown Public Area Requirements
- Section 19. 500 – Parking standards

In light of recent events and discussions in the community, Planning staff and the Commission would like to add one more item to the work plan:

- Chapter 19.300 - Residential Design Standards

Many individuals in the community have raised concerns about the City's residential design standards and have wondered if the City is using all of the tools at its disposal to ensure new development is compatible with existing neighborhoods. This project would include a review of existing regulations and propose alternative solutions to regulating residential dwelling design.

### **Setting Priorities**

The Milwaukie Zoning Code was written in 1968, and many sections have been incrementally updated over time, if at all. Current and prior Planning staff have identified many problems with the City's regulations, and have long felt that an overhaul of the entire Zoning Code is warranted. However, such a project continues to be out of reach of the City's budget for the Planning department. Instead, Planning staff maintain a list of known problems with the Zoning Code, which now includes over 200 items (see Attachment 1 for a summary of the sections included in this list). Since the City does not have adequate resources for staff to address all of the known problems, Planning staff will address them according to ease and priority. For the remainder of this fiscal year, the Planning department will dedicate resources to preparing code amendments for Council's consideration, addressing one chapter or issue at a time.

Planning staff has consulted with the Planning Commission and is preparing to proceed with the following code amendment projects during the remainder of this fiscal year:

- Section 19.321.5 – Public Area Requirements
- Section 19.500 - Parking
- Section 19.1400 – Transportation Planning
- Section 19.300 - Residential standards
- Housekeeping and other code “fixes”

Though the level of analysis and public involvement will vary, each of these code amendment projects will follow roughly the same process, outlined in Attachment 2.

It is the Planning Commission's role to work closely with staff to develop and recommend code amendments for Council's consideration. In the past, this has meant that often Council is merely the last stop during the adoption process, but not involved in formulating policy recommendations. Due to the high profile nature of the code amendment projects listed above, staff would appreciate feedback on how best to educate and involve the Council during the formation of code amendment recommendations.

### **Concurrence**

The Planning Commission discussed this updated work program at its December 11 meeting and concurs with staff that it will be important to address residential standards this year.

### **Fiscal Impact**

The Planning work program will be pursued within the adopted budget of the Planning department. Approximately \$20,000 remains in this budget for consultant support of these projects.

### **Work Load Impacts**

Since the land use permit process includes strict legal deadlines, Planning department staff spend a majority of their time managing the City's development review process. With current staffing levels, approximately one Full Time Employee (FTE) equivalent is available for completing code amendments and other planning projects. While this is an increase over recent years, it will still be an on-going challenge for staff to complete code maintenance projects. As much as possible, staff work on code amendments and planning projects will be balanced with on-going efforts to manage the City's development review permit process, provide timely and clear information to the public, and serve the City's neighborhood involvement processes.

### **Alternatives**

None

### **Attachments**

1. Summary of the sections included in the Planning Department Code Fix tracking list
2. Sample (one page of 20) of the Planning Department Code Fix tracking list
3. Milwaukie Code Amendment Process

**ATTACHMENT 1**

**City of Milwaukee  
Planning Department Code Fix List  
January 2008**

Code Fix Tracking #	Affected Code Section(s)	Chapter (for Index/Sorting)	Policy Change?	Urgency of Fix
100	Double frontage lots -19.103	19.100	A	Not Urgent
101	Transposed definitions -19.103	19.100	A	Medium
102	Omitted word – 19.103	19.100	A	Not Urgent
103	Outdated references to interior lots - 19.301-309	19.300	A	Medium
104	Mislabeled minimum density problem - 19.301-309	19.300	A	Medium
105	Vegetated Corridor Width - 19.322 Table 1	19.300	A	Medium
106	Incorrect reference – 19.322.3	19.300	A	Not Urgent
107	Maps for Mixed Use Overlay - 19.318.9	19.300	A	Medium
108	Additional street setbacks - 19.300 (All)	19.300	A	Urgent
109	Unnecessary definition - 19.323.3	19.300	A	Not Urgent
110	Incorrect reference – 19.323.7.E and 19.323.7.F.3	19.300	A	Not Urgent
111	Reference clear vision standards - 19.402.B.1	19.400	A	Not Urgent
112	Reference clear vision standards - 19.426.5	19.400	A	Not Urgent
113	Inconsistent parallel parking dimension - 19.503.10 Table	19.500	A	Medium
114	Incorrect language - 19.503.19	19.500	A	Not Urgent
115	Reference commercial vehicle definition - 19.503.21.E	19.500	A	Medium
116	Transposed parking ratio - 19.503.9 Table	19.500	A	Urgent
117	Unnecessary code section - 19.602.2	19.600	A	Not Urgent
118	HIE standard 'hidden' in purpose statement - 19.707.1	19.700	A	Urgent
119	Inconsistent HIE standards - 19.707.2	19.700	A	Medium
120	Typographical error - 19.709	19.700	A	Not Urgent

A = Minor changes that do not change the intent or meaning of regulations
B = Changes include minor policy change; clarification of current interpretation that may not be self-evident in the code
C = Includes policy changes, new regulations or change in regulations

Note: This is a working document that staff will continue to develop. It is not a complete list of code problems.

**City of Milwaukie**  
**Planning Department Code Fix List**  
**January 2008**

121	Consistency with Oregon Revised Statutes (ORS) - 19.1001.5.C	19.1000	A	Medium
122	Annexation process clarification - 19.1011.4, 19.1500	19.1000	A	Urgent
123	Incorrect code reference – 19.1409.1.C	19.1400	A	Not Urgent
124	Incorrect code reference – 19.1413.C	19.1400	A	Not Urgent
125	DLC referred to as a 'commission' - Multiple Sections	multiple	A	Medium
126	14.16.060.H.3	14.16	A	Not Urgent
127	Definition of multifamily development based on ownership - 19.103	19.100	B	Medium
128	Definition of multifamily development based on structures - 19.103	19.100	B	Medium
129	Definition of "Zoning Hardship" - 19.103, 19.503.8	19.500	B	Medium
130	Contiguous lots - 19.103	19.100	B	Urgent
131	Story vs. half-story - 19.103	19.100	B	Urgent
132	Lot density and minimum lot size relationship - 19.304-309	19.300	B	Urgent
133	"Character" of vegetated area - 19.304-308	19.300	B	Not Urgent
134	Gross acres vs. net acres - 19.314.1	19.300	B	Urgent
135	Willamette Greenway Buffer plan required - 19.320.5.E	19.300	B	Medium
136	Which setbacks are affected by Additional Street Setbacks - 19.300 (All)	19.300	B	Urgent
137	Requiring consent of neighbors for keeping animals - 19.403.C and D	19.400	B	Medium
138	CB and antenna height - 19.403.E	19.400	B	Medium
139	Separation between buildings on the same lot - 19.409	19.400	B	Urgent
140	When bicycle parking is required, how much must be covered? - 19.505.5	19.500	B	Medium

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**City of Milwaukee  
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 January 2008**

141	Unreasonable setbacks required for existing buildings in WG review - 19.602.1	19.600	B	Urgent
142	120-day clock requirements - 19.1002	19.1000	B	Urgent
143	Improvements required for all land divisions - 17.32.020	17.32	B	Medium
144	Comprehensive Plan references in the Zoning Code – Multiple sections	multiple	C	Medium
145	Duplexes and Single Family Attached dwellings - 19.103 and Base Zones	19.100, 19.300	C	Medium
146	Development on legally landlocked parcels - 19.412	19.400	C	Urgent
147	Flag lot screening - 19.426.5	19.400	C	Urgent
148	Affordable housing requirements - 19.419	19.400	C	Not Urgent
149	Accessory structures for multifamily dwellings - 19.402.A	19.400	C	Urgent
150	Flagpoles - 19.414, 19.401	19.400	C	Urgent
151	Applicability of Off-Street Parking and Loading standards - 19.502	19.500	C	Medium
152	Zones where structured parking is allowed - 19.507.1	19.500	C	Not Urgent
153	Multiple RVs stored uncovered on large lots - 19.503.22.B	19.500	C	Medium
154	Storage of RVs in front yards - 19.503.22.F	19.500	C	Medium
155	Home Improvement Exceptions and lot coverage vs. floor area - 19.707.1	19.700	C	Urgent
156	Unrealistic timeframe for Type II reviews - 19.1011.2.A	19.1000	C	Urgent
157	Standing to appeal Planning Commission decisions - 19.1000	19.1000	C	Urgent
158	No appeal process for Type I decisions - 19.1011.1 and 19.1011.1.B	19.1000	C	Urgent
159	No appeal process for Type II decisions - 19.1011.2.B	19.1000	C	Urgent

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**City of Milwaukee**  
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**January 2008**

160	Utility easement standards - 17.28.030.A	17.28	C	Medium
161	Superfluous submission requirements - 17.20 and 17.24	17.20, 17.24	C	Medium
162	Tree removal for public improvements - 16.32.020.C	16.32	C	Urgent
163	Tree removal criteria - 16.32.020.C.1.e	16.32	C	Urgent
164	No standards for access easements - 19.1409.1.D	19.1400	C	Urgent
165	Temporary signs - 14.12.010	14.12	C	Urgent
166	Illuminated signs downtown - 14.16.060.H	14.16	C	Urgent
167	Distinction between driveways, drive aisles, and driveway approaches - 19.500 and 19.1400	19.500, 19.1400	C	Medium
168	Development on legally landlocked parcels - 19.1409; 19.426	19.1400, 19.400	C	Urgent
169	Accessory Structures in WG Zone	19.300	C	Medium
170	Temporary Signs	14.12	B	Medium
171	Temporary Signs	14.12	C	Medium
172	Bicycle Parking	19.500	B	Medium
173	Adjacent vs. Abut	19.100	C	Medium
174	Expiration of Incomplete Applications	19.1000	B	Medium
175	Variance vs. Adjustment in the Sign Code	14.32	A	Urgent
176	Home Improvement Exception	19.700	B	Medium
177	Community Service Use time limit	19.300	C	Medium
178	Accessory Structures	19.400	C	Medium
179	Minimum Landscaped area for front yards	19.300	C	Not Urgent
180	Tree hearing	16.32	C	Urgent
181	Flag lots in subdivisions	17.28	C	Urgent
182	Transportation Plan Review for replats	19.1400	C	Urgent
183	CSU and CU Signs	14.08	C	Medium
184	Type II Review Process	19.1000	C	Medium
185	Rounding Numbers up or down	NA	B	Low
186	Parking ratio for residential homes	19.500	B	Low
187	Parking ratio for senior and retirement housing	19.500	B	Medium
188	Parking ratio for congregate housing facility	19.500	B	Medium

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**City of Milwaukie**  
**Planning Department Code Fix List**  
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189	Parking ratio for ADUs	multiple	B	Medium
190	Parking ratio for temporary real estate office	19.500	C	Medium
191	Boarding, lodging or rooming house	19.300, 19.500	C	Medium
192	Parking for office uses	19.500	B	Medium
193	"Minimal amount of traffic"	19.300	B	Medium
194	Parking ratio for trade or commercial schools	19.500	B	Medium
195	Parking ratio for general retail goods	19.500	C	Medium
196	Parking ratios generally	19.500	C	Medium
197	CSU and CU	19.321, 19.600	A	Low
198	TAR and CU	19.321, 19.416	A	Low
199	CU purpose statement	19.600	A	Low
200	Criteria for CU	19.600	A	Medium
201	Variance in CU conditions	19.600	A	Medium
202	Contradiction in CU ownership regulations	19.600	A	Medium
203	Standards for 19.602	19.600	A	Low
204	Surface Mining CU	19.600	A	Low
205	Junk Yards CU	19.600	A	Low
206	CU criteria for duplex/multifamily	19.600	A	Low
207	Density for senior/retirement housing	19.600	A	Low
208	Purpose statement for Variance	19.700	A	Medium
209	Variance applicability	19.700	A	Low
210	Variances generally	19.700	A	Medium
211	10% Type II variance	19.700	A	Medium
212	Use exception and variance	19.700	A	Low
213	Home Improvement Exception	19.700	A	Low
214	Nonconforming title	19.800	A	Low
215	city policy on nonconforming uses	19.800	A	Low
216	Screening of nonconforming use	19.800	A	Low
217	Change of nonconforming structure	19.800	B	Low
218	Criteria for continuation of nonconforming use	19.800	A	Medium
219	Nonconforming listings in other chapters	19.800	B	Low
220	Amendment purpose statement	19.900	A	Low

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**City of Milwaukie**  
**Planning Department Code Fix List**  
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221	Types of Amendments	19.900	A	Low
222	Amendment procedures	19.900	B	Low
223	Metro references	19.900	C	Low
224	Zone map and comp plan map changes	19.900	A	Low
225	Goals of Milwaukie and other agencies as approval criteria	19.900	A	Medium
226	Intent of proposed zone	19.900	A	Low
227	Regulations from other jurisdictions	19.900	A	Medium
228	Limitations on Zone Changes	19.900	A	Low
229	Sign Ordinance	14	C	High
230	Downtown Public Area Requirements	19.321	c	High
231	Administrative Variances	19.703	b	Medium
232	Varies	19.1000, other		
233	Downtown Design Review, Community Service Use	19.321, 19.312	b	Low
234	Community Service Use, Commercial zones	19.321	b	Low
235	Improve the organization and format of the code	Title 19	c	Low
236	Community Service Use, Commercial zones		c	Low
237	Public Area Requirements	19.312	C	High

Note: This is a working document that staff will continue to develop. It is not a complete list of code problems.

ATTACHMENT 2

City of Milwaukie Code Fix List

Code Fix #	Affected Code Section(s)	Chapter (for Index/Sorting)	Problem Statement	Proposed Solution	Policy Change?	Urgency of Fix	Status	Date Added	Added By
176	Home Improvement Exception	19.700	19.708.E states "HIE shall not be used if a building code or zoning violation exists." Doesn't let the HIE be used to solve the problem.	Revise to clarify that no violations aside from those being addressed by the HIE shall exist.	B	Medium	Not addressed	10/30/2007	2007 staff
177	Community Service Use time limit	19.300	No time limit on CSUs. Doesn't allow the consideration of impacts as conditions change, especially related to minor modifications.		C	Medium	Not addressed	10/30/2007	2007 staff
178	Accessory Structures	19.400	Zoning code states that all structures 120 SF or greater need to be built of commonly used housing materials. According to Tom Larsen, this was when the cutoff for requiring a building permit was 120 SF. Now, structures over 200 SF need a permit. The problem is that there is no planning review of structures under 200 SF, so people can put up structures between 120-200 SF that do not meet the design standards and create an illegal non-conforming situation for themselves.	The figure should be revised to be consistent with building code (increase to 200 SF).	C	Medium	Not addressed	10/30/2007	2007 staff
179	Minimum Landscaped area for front yards	19.300	Property owners may be able to pave all of their front yard and still meet the minimum vegetation requirement with areas in side and rear yards. In addition to being aesthetically unpleasing, it would allow a lot of parking in front of a house.	Add a standard for the minimum amount of front yard area that must be landscaped. This would not change the overall minimum landscaped area, but would require that at least some landscaped area be in the front yard.	C	Not Urgent	Not addressed	10/30/2007	2007 staff
180	Tree hearing	16.32	16.32.020 allows for citizens or NDAs to request a hearing on a proposed tree permit, but does not specify who hears the case.	Have the Planning Commission be the hearing body for tree permit hearing requests. It would help to specify that the approval criteria in 16.32.020 be used. 16.08 contains the language to allow for appeals of PC hearings to the CC.	C	Urgent	Not addressed	10/30/2007	2007 staff

*SAMPLE*

### Attachment 3 Milwaukie Code Revision Process

The Planning Department leads the following process for managing amendments to the Zoning, Land Division and Sign sections of the Milwaukie Municipal Code. The level of detail and effort for each step will vary, depending on the type and complexity of the amendment. **Mandatory steps (required by code or state law) are in bold.**

#### **Phase I – Project Setup**

- A. Define problem(s) and scope of the project
- List known problems to solve (problems with existing code)
  - List desired improvements (aspects that are missing, such as graphics, tables, and encouragement of sustainable development practices)
  - Brainstorm with staff to identify problems not yet identified, or consequences of changes to the “known” problems.
- B. Gather preliminary input from stakeholders and develop outreach plan
- Who are the potential stakeholders?
    - Other departments – Engineering, Community Services, Community Development, City Attorney
    - Affected stakeholders- Neighborhood Associations, affected industries, developers, architects
    - Planning Commission, City Council
    - Community activists – former Planning Commissioners, Parks Board, DLC, etc.
    - Other agencies – TriMet, Clackamas County, Johnson Creek Watershed Council, etc.
  - What is the best way to engage stakeholders?
    - Determine how much the Planning Commission wants to be involved – worksessions? Subcommittee meetings?
    - Attend meetings
    - Distribute info via newsletter
    - Website - Post information on Planning Department webpage under “Current Projects”
    - Friday Memo, JCB tracker, Beth’s regular emails
  - Consult with the City Attorney, Metro, and/or DLCD about potential legal or regulatory hurdles we should consider.
- C. Research history
- Review past ordinances.
  - Look for past staff analyses, research, and proposals.
  - Review PC/CC minutes for meetings at which the issue was discussed.
  - Identify “sacred cows” or hard-fought decisions.
  - Review the Comprehensive Plan (including ancillary documents) to identify existing policy guidance. Determine if the proposed amendments support or contradict the Comp. Plan, and if amendments to the Plan should be considered.
- D. Resources
- Search for readily available resources. These could include agency or American Planning Association staff or publications, model ordinances, technical assistance from relevant agencies, expertise/experience of other city staff, etc.

- Determine need for consultant assistance. If needed and funding is available, prepare scope of work, budget, solicit, and contract with consultant.

### **Phase II – Developing the proposal**

- A. Identify solutions to the problems outlined in the scope. Draft code revisions and alternatives. Draft commentary explaining the intent of the changes.
- B. Prepare proposed code amendments and Commentary
  - Use Marcia’s Code Amendment and Commentary templates
- C. Independent review & “test drive” by a planner/stakeholder/consultant who wasn’t involved in the project.
- D. Develop schedule. Allow time for DLCD notices.
- E. Prepare formal application that addresses MMC 19.904.1.**
- F. Send proposed amendments to NDA Land Use Committee for comment. Post proposal on Planning website.

### **Phase III - Public Hearing Process**

- A. Prepare detailed Adoption Schedule
- B. Hold public hearings**
  - **Planning Commission hearing**
    - Prepare staff report, draft amendments, draft ordinance
    - **Planning Commission must initiate the amendment** before the start of the hearing, if not initiated by Council or an applicant (MMC 19.901).
  - **City Council hearing**
    - Prepare staff report, draft amendments, ordinance
- B. Legal Notices**
  - **DLCD notice – at least 45 days prior to 1st PC hearing**
  - **DLCD post-adoption notice – 5 days after adoption**
  - **Metro notice - at least 45 days prior to 1st CC hearing**
  - **Metro Functional Plan analysis - 15 days prior to 1st CC hearing**
  - **Legal notices 20 days prior to each public hearing**
- C. Internal Coordination
  - Friday Memo announcements – before and after hearings
  - Marcia proof-reads “final” version prior to Council hearing
  - Post amendments/commentary/staff report on Planning Department webpage under “Current Projects.”

### **Phase IV – Post-adoption**

- A. Prepare finalized version for publication.
- B. Amendment takes effect 30 days following adoption.
- C. Marcia and Pat DuVal work with publisher to update official website and update published code.



**To: Mayor and City Council**

**Through: Mike Swanson, City Manager**

**From: Kenny Asher, Community Development and Public Works Director  
Alex Campbell, Resource & Economic Development Specialist**

**Subject: Street Operations Fund Outlook (Fund 320)**

**Date: January 4 for January 15, 2008 Work Session**

### **Action Requested**

No action requested.

Staff wishes to update Council on the fiscal health of Fund 320 in anticipation of several upcoming decisions regarding:

- Fiscal Year 2008-2009 budgeting
- Local match needed for committed projects
- Transportation grant opportunities as part of the next State Transportation Improvement Program (STIP) development process
- Funding options for "Community Investment" capital needs

Council input on both budget approaches for Fund 320 and an upcoming grant opportunity ("Transportation Enhancement") are requested. Staff will seek Council input on the larger question of funding options for "Community Investment" capital needs at the February 5 work session.

### **Background**

#### *Fund 320 Overview*

The Streets/State Gas Tax fund (320) is the City's primary street operations fund. The "regular" revenue sources for Fund 320 are the local share of Oregon Highway Trust Fund revenues (primarily state gas tax revenues which are shared with cities on a population share basis) and franchise fee revenues from the water, wastewater, and stormwater utilities. In addition to operations activities, described below, Fund 320 pays

for street lighting electricity and a share of the Community Development, Operations Supervisor and Engineering budgets. (The CD, Ops, and Engineering costs are shared among the four City-operated utilities.)

Fund 320 has typically paid for street operations, and street maintenance/preservation projects, and capital projects. The City established in FY 2007-2008 separate funds for Streets Capital and Reserve (327) and Streets/Surface Maintenance (315) for capital projects and the Street Surface Maintenance Program, respectively.<sup>1</sup> Two other budget funds track street revenue/expenditures: One percent of the Oregon Highway Trust Fund revenues must be reserved for bike infrastructure and maintenance costs and are tracked in the Bike Path fund (330). The Streets SDC fund (325) tracks transportation System Development Charge (SDC) revenues, which are available only for specific capacity-expanding capital projects.

The Streets Department staff is 5.5 Full Time Equivalent Employees (FTEs), including a .5 FTE supervisor. One FTE is dedicated to street sweeping, one FTE is dedicated to sign production, and the three other FTEs handle a variety of tasks primarily related to maintaining various aspects of the public "Right of Way." Centerline and fogline striping and signal maintenance services are contracted for through Clackamas County.

Many department activities are required by explicit regulatory mandates or safety/liability concerns. These include:

- Traffic control sign maintenance – essential for traffic safety and compliance with the Manual on Uniform Traffic Control Devices (MUTCD)
- Pavement marking replacement – cross walks, stop bars, school legends, hashes for turn lanes and speed bumps, etc., also in compliance with MUTCD
- Street name sign maintenance – essential for emergency service response
- Site obstruction removal – trimming trees and shrubs when they obstruct critical traffic control signs, signals, or site distance at intersections
- Emergency pavement repairs – pothole patching
- Street sweeping – an element of City stormwater quality activities, required under the City's National Pollution Discharge and Emissions Standards permit.

Other department activities respond to quality of life concerns and asset management responsibilities, including:

- Crack sealing
- Asphalt repairs, such as infra-red patching

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<sup>1</sup> Fund 315 revenues are the three SSMP revenue sources (street surface maintenance fee, local gas tax, and electricity privilege tax). Fund 327 revenues are typically grants, or transfers from other funds such as the SDC once those monies have been assigned to a specific project. Establishment of Fund 327 was primarily to improve accounting clarity. If the fund differentiation had been made earlier, the Fund 320 contributions to capital projects made in previous years would have shown up as transfers to the capital fund.

- Shoulder maintenance (primarily gravel shoulders)
- Mowing medians/City-owned right of way
- Parking control and informational sign maintenance (such as photo radar enforcement notification).

As part of a recently started Public Works initiative, the Street Department has begun tracking all work activities. Over time, more detailed and precise allocations of work effort and level of service will be documented. A preliminary review of the September through November 2007 work activity report (Attachment I), reveals several items that may be of interest:

- A significant proportion of hot mix asphalt permanent repairs were made to repair streets after work was completed by other city utilities.
- Downtown parking permit/no-parking signage and parking painting absorbed significant department resources in September and October.
- Miscellaneous tasks in support of other utilities and other city departments, from water shut off warning hangers, to graffiti removal, to speed trailer placement, all absorb departmental resources.

#### *Fund 320 Contribution to Capital Projects*

In prior budget years, there was some margin between Fund 320 revenues and expenditures for basic services. City practice was to use that difference to help fund capital projects. Fund 320 "regular" revenues contributed to both "local match" on larger, grant-funded projects such as the McLoughlin Boulevard project and made contributions to smaller city-funded capital projects such as downtown traffic calming improvements. Total contributions from Fund 320 "regular" revenues (net of any grant or loan proceeds) for all such projects since 1999 is roughly \$1 million.<sup>2</sup> (See table below.)

Two other important sources of revenue that have, in effect, increased Fund 320's ability to subsidize capital projects are "recovered expenditures" and transfers from the General Fund (Fund 110). "Recovered expenditures" are most typically payments from the County made to the City upon accepting additional right of way maintenance responsibility. Such payments totaled approximately \$258,000 since 1999. Transfers from the General Fund totaled \$215,000 in the same period.

By leveraging grants, loans, and funds from other City departments, approximately \$1.5 million of Fund 320 expenditures "bought" the City roughly \$10 million worth of public improvements. Put another way, each \$1 leveraged over \$5.50 in additional investment.

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<sup>2</sup> Changing accounting standards over the period limit the precision of these figures, but they are accurate enough to serve as an order of magnitude estimate.

**Fund 320 (Streets/Gas Tax) Contributions to Capital Projects,  
 1999 to Present (In Thousands)**

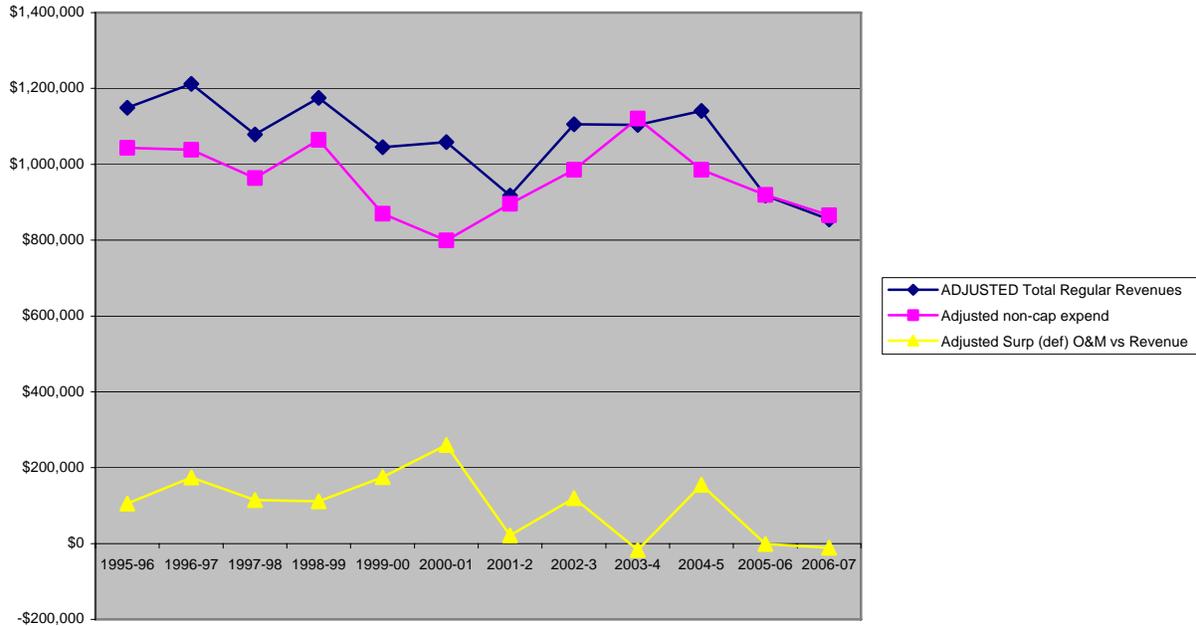
<b>Project</b>	<b>Total Project Cost</b>	<b>Fund 320 Contribution</b>
McLoughlin Boulevard Project (2003-06)	\$ 4,600.0	\$ 451.2
Johnson Creek Blvd. - Phase III (2001-02)	\$ 2,200.0	\$ 147.8
North Main Off-site Improvements (2005-07)	\$ 778.1	\$ 58.8
King/37th Ave. CDBG Project (2004-05)	\$ 687.0	\$ 73.5
42nd Ave. Sidewalks (2005-07)	\$ 394.1	\$ 101.1
Brookside Storm (2004-05)	\$ 377.7	\$ 20.3
Roswell Street & Storm (2000-01)	\$ 304.1	\$ 208.9
37th & Oak RR Xing Improvements (2007-08)	\$ 180.0	\$ 22.5
Jefferson Street Sidewalk/Parking (2003-04)	\$ 110.0	\$ 71.3
McLoughlin/Riv Road Improvements (1999-2000)	\$ 100.0	\$ -
Downtown Traffic Calming (2006-07)	\$ 28.4	\$ 28.4
Un-identified & Small Projects	\$ 343.5	\$ 343.5
<b>Total</b>	<b>\$ 10,102.9</b>	<b>\$ 1,527.3</b>
Recovered Expenditures		\$ (258.2)
FM FD 110		\$ (216.5)
Net Cost to "Regular Revenues"		\$ 1,052.6

*Fund 320 Revenue and Expenditure Trend*

The margin in Fund 320 that made this approach feasible is no longer sustainable. This is largely due to the erosion over time of gas tax revenue purchasing power. As Council is aware, there has not been a State gas tax increase since 1993. Because the gas tax is levied per gallon, total statewide revenues have been more or less flat, but eroding in terms of purchasing power. The Milwaukie share of gas tax revenue declined 37% between 1996 and 2007, in inflation-adjusted terms.

In inflation-adjusted terms, non-capital expenditures in Fund 320 have been held essentially flat while total "regular" revenues have declined significantly, about 25%, as shown in the chart below. Total "regular" revenues have declined less rapidly than the gas tax receipts alone because franchise fee payments from the other utilities have been more stable.

**“Regular” Revenues Versus Non-Capital Expenditures,  
 1995 to Present, Adjusted for Cost of Construction Inflation<sup>3</sup>**



The Fund 320 budget for Fiscal Year 2007-08 (as per budget adjustments made in fall 2007) includes no “regular” revenues for capital projects. However, as shown in the chart below, even without any expenditure on capital projects, a negative fund balance is projected at the end of Fiscal Year 2008-09.

<sup>3</sup> The bottom line in this chart is the difference between the two upper lines. The area below the bottom line represents the total amount of “regular” revenue collections available to help fund capital projects.

### Street Fund 320 Revenues Versus Expenditures<sup>4</sup>

	FY 2006-07 [actual]	FY 07-08 [proj based on Q1]	FY 08-09 [ass. 3% increase]
Beginning Fund Balance	\$260,148	\$140,955	\$81,846
State Gas Tax	\$961,417	\$932,712	\$935,000
Franchise Fees	\$546,650	\$528,267	\$544,000
Fees, Interest and Other	\$92,519	\$66,471	\$45,000
<b>Total Revenues</b>	<b>\$1,860,734</b>	<b>\$1,668,405</b>	<b>\$1,605,846</b>
Personal Services	\$431,568	\$435,000	\$448,050
Street Lighting	\$300,529	\$325,000	\$334,750
Vehicle Use, Fuel & Replacement	\$177,005	\$198,781	\$205,000
General Admin Services	\$157,896	\$142,737	\$147,000
Contractual Services (Primarily Stripe/Signal Maint.)	\$42,067	\$31,497	\$65,000
Rep & Maint Facilities (Materials, incl. Asphalt, Signs, Gravel, etc.)	\$64,874	\$71,844	\$75,000
Facility Occup Charge	\$12,835	\$39,687	\$40,100
Other Materials & Services	\$30,161	\$47,794	\$48,242
Street Projects	\$139,065	\$0	\$0
Other Capital (Ops Bldg)	\$48,271	\$10,000	\$10,000
Transfer to CD Admin	\$132,504	\$121,844	\$125,499
Transfer to Engineering	\$183,004	\$162,375	\$167,246
Transfer to Ops Super		\$70,689	\$72,810
<b>Total Expenditures</b>	<b>\$1,719,779</b>	<b>\$1,586,559</b>	<b>\$1,665,888</b>
<b>Ending Fund Balance</b>	<b>\$140,955</b>	<b>\$81,846</b>	<b>-\$60,042</b>

<sup>4</sup> The figures in this chart exclude grants and "Fee In Lieu of Construction" (FILOC) funds. FILOC is collected for and dedicated to future capital projects in particular neighborhoods and must be refunded if not expended on such projects within 10 years. The adopted Fiscal Year 2007-08 budget includes a transfer of \$577,165 to Fund 327 for work on three capital projects. These dollars are not reflected in this accounting because the source is grant monies and FILOC balances.

*Implications*

Significant budget cuts would likely impact FTE levels because most other costs are either difficult to reduce (e.g., street light electricity) or a function of the amount of work being carried out by the Department (e.g. materials). Any substantive reduction in FTE levels would lengthen response times on many departmental activities, potentially exposing the City to additional legal liability. Therefore, in addition to very careful expenditure management to control and/or reduce any costs in the fund, staff believes that some additional steps are necessary to correct the situation.

Options staff would like to consider in developing the FY 2008-2009 budget include: adjusting the relative balance among the utilities, including Fund 315, of payments to support Engineering, Community Development and Operations Supervisor budgets; establishing a mechanism (either a transfer or via direct payments) by which Fund 315 could pay for those costs that are currently included in Fund 320 but support the mission of the Street Surface Maintenance Program, such as infra-red asphalt repairs and crack sealing. Other options for reducing financial pressure on the Street/State Gas Tax fund would include moving street lighting electricity costs and/or dramatically reducing level of service/response time for the Street Department. These and other measures will be presented to City Council as part of a Work Session report on February 5.

*Future Project Matches*

The City has already received grants for and committed to five projects that are either underway or upcoming in the near future. Three projects are already in design phase. Staff believes local match can be funded for *these three projects* without any regular revenues from 320. (See table below.) However, this schedule will require spending all SDCs currently on-hand, and another \$50,000 in expected SDC revenues.

**Local Match Sources for Committed Projects with Identified Match (In Thousands)**

Project	FY	Tot Cost	Min. Match	Match Id'ed	Match Sources			
					SSMP	FILOC	SDC	STORM
Railroad Crossing Safety (37th & Oak)	2007-8	\$180	\$81	\$81		\$65	\$16	
Logus Road Improvements	2007-8	\$778	\$128	\$173	\$50	\$45	\$13	\$65
Lake Road Multi-Modal	2007-8, '08-9, '09-10	\$3,820	\$390	\$390	\$100	\$70	\$220	

Grants for two additional projects have also already been awarded: Downtown Streetscape and Kellogg Creek Restoration (Design/PE Phase). These projects would require matches of \$50,000 and \$120,000 respectively. *Staff have not yet identified*

*sources for these local matches – neither are SDC eligible, nor are there sufficient applicable FILOC balances available.*

The first element of the next update of the State Transportation Improvement Program (STIP) is “Transportation Enhancement” (“TE”). A notice of intent to apply for TE funding is due February 1, 2008. In the last round, the City applied unsuccessfully for funds to improve bicycle and pedestrian infrastructure on 17<sup>th</sup> Ave. The project prioritization conducted as part of the 2007 TSP update strongly reinforced the importance of these improvements to the community.

Staff expects to submit a notice of intent to apply for TE funds for a 17<sup>th</sup> Ave. project. However, the project will be scaled/phased in order to minimize the total project size. The City holds \$62,400 in FILOC money collected in the North Industrial area, which would be sufficient to match a \$600,000 grant. A definitive decision on whether to pursue TE funding is not required at this time because the notice of intent to apply is a relatively minor application and does not obligate the City. Development of a TE notice of intent and application would be completed within regular duties of the Community Development and Engineering staffs. Staff would return to Council for a Resolution in support of a full application prior to submission.

### **Concurrence**

Staff consulted with the Operations Director, Streets Supervisor, and Finance Director. All concurred that Fund 320’s long-term outlook is a concern and, given existing revenue and expenditure structures, cannot be expected to contribute significantly to capital projects in the future.

### **Fiscal Impact**

Not applicable.

### **Work Load Impacts**

Not applicable.

### **Alternatives**

Not applicable.

### **Attachments**

Attachment 1. “Street Department Activities, September thru November 2007”

## ATTACHMENT 1

# Street Department Activities September thru November 2007

The following is a compiled list of all activities carried out by the street department during the months of September thru November 2007. They include signs and markings, sweeping, patching (cold and hot), crack sealing and shoulder repair.

Repair schedules were made using the following criteria:

- Public safety
- History of repair
- Visual inspections
- Street classification/ average daily trips (ADT)
- Size and type of repair
- Anticipated crew availability
- Weather cycle

The activities were generated using the following format:

- Potholes crack sealing and shoulder repairs-Yearly schedule developed in Dec.2006 for the 2007 calendar year street maintenance activities.
- Customer service requests received thru the customer service desk
- Utility repair requests from other departments
- Street sweeper is on an established schedule, developed by dividing the city into four zones and working two days per zone. In the heavy leaf season, a second sweeper is added as needed.
- Street markings are annually inspected for wear and tear and scheduled for repair when weather permits. Also they are being continually monitored by all department personnel to insure that they are in MUTCD compliance.
- Street signs –A list generated from visual inspections and requests generated from the customer service desk and Milwaukie PD.
- Curb painting upon request from traffic engineer

Methods of repair (Asphalt):

- Skin patch: 1.5 to 2 inch hot asphalt overlay, minimum three person crew (4 to 5 if flaggers are required)
- Extensive repair: Remove bad area using jackhammers, backhoe or loader; repair sub grade with gravel; compact with roller or motorized plate compactor; and replace with hot asphalt, minimum depth four inches. Crew size, 6 persons minimum, including flaggers for traffic control. Flaggers can be in house personnel or contract flaggers.
- Shoulders: Use the front end loader to grade the shoulder and add rock, or just add rock to a washed out area and compact with the roller or truck tires. Three-person crew and two flaggers if necessary.
- Crack sealing: Clean the crack with high-pressure air, sweeping and drying if necessary with torches. Refill with cold applied CRF® asphalt emulsion crack filler. Six-person crew and two flaggers if necessary because of area of sealing.

- Infra-Red patching: Heat the asphalt surface with a 6'X8' infrared propane heater. Rake it smooth, apply a coating of asphalt emulsion, and compact with a plate compactor.

**Street Department Crew:**

- Streets 3
- Signs and markings 1
- Sweeping 1

Milwaukie's Streets Division maintains 150 lane miles of roadway and right of way; seven traffic signals; 3750 regulatory, warning and informational signs; 546 legends; and 44 lane miles of pavement striping.

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**September:**

**Total projects:**

- Patching-12
- New sign manufacturing/install-17
- Signs repaired-2
- Pavement marking-3 (Painted)
- Other-14

**Pot Hole Repair:**

- International Way: 30' east of Freeman Way-Over lay of depression 25'X8' 4 tons hot mix.
- Main Street: West side between Monroe and Jefferson-wheel ruts. Jackhammer out seven holes average size 4'X4' 6". 5 tons hot mix.
- Patch water cuts Well 2. Three cuts, average 3'X10'X4". 2 tons hot mix.
- Patch Hill Street, McBrod, 44<sup>th</sup> and Llewellyn, Wren South of River Rd. Various sizes of Overlays: 2 tons hot mix.
- Patch 55<sup>th</sup> and Firwood and Boot wash by Public Works Building. 2 tons hot mix.
- Patch 35<sup>th</sup> and Edison, 55<sup>th</sup> South of Monroe, Monroe and Penzance. Overlays, various sizes 3 tons hot mix
- Storm line repair, King Rd. 6'X6'X10", pot hole Wood and RailRoad Ave. 5 tons hot mix
- Storm line repair, King Rd. 6'X6'X6", pot holes Lark, 27<sup>th</sup>, 26<sup>th</sup>, 5 tons hot mix
- Oak Street, driveway approach and potholes, various sizes- 3 tons hot mix.
- Patch 44<sup>th</sup> & Harrison, 37<sup>th</sup> and RailRoad Ave., various sizes- 2 tons hot mix
- Patch 24<sup>th</sup>, Boat Ramp, Mailwell, King Rd & Stanley, 29<sup>th</sup> South of Balfour. 4 tons hot mix
- Storm line repair, King Rd., overlay patches, 29th & Boyd, 34<sup>th</sup> & King, 40<sup>th</sup>(Adam to Jefferson 3 tons hot mix.

**Total Tonnage: 41 (hot mix)**

**Crack Sealing:**

Crack sealing on Arden, Rockwood, Howe Lane, 44<sup>th</sup>, Willow, Roberta, Whitelake, 45<sup>th</sup>, 46<sup>th</sup>, 38<sup>th</sup>, RailRoad Ave (Wood to Stanley, east bound), and 48<sup>th</sup>.

**Total amount of sealer: 350 gallons of CRF sealer.**

## Signs/Markings:

### Manufactured new signs:

- Permit parking only- Main (between Washington and Lake) 6''X12'' ←
- Permit parking only-Main (south end) 6''X12'' ↔
- Permit parking only-Main (south end) 6''X12'' →
- Permit parking only-Main (south end) 6''X12'' ←
- Permit parking only-Lake 6''X12'' →
- Permit parking only-Lake 6''X12'' ←
- Permit parking only-21<sup>st</sup> 6''X12''
- Permit parking only-21<sup>st</sup> 6''X12''
- Permit parking only-21<sup>st</sup>/Washington 6''X12''
- Permit parking only-21<sup>st</sup>(south end) 6''X12''
- Permit parking only-Washington 6''X12''
- Dogwood Park (21<sup>st</sup> by Post Office) change to 4 hr parking
- Dogwood Park (21<sup>st</sup> by Post Office) change to 4 hr parking

### Repaired signs:

- Two hour parking 8-5 m-f-21<sup>st</sup>(south end) 12''X18''
- Four hour parking 8-5 m-f-21<sup>st</sup> (south end) 12''X18''

No thermo plastic markings were burned down. (This is a material made out of plastic that, when applied, is melted to the pavement surface for a more permanent type of pavement marking.)

## Painted lines:

- 23<sup>rd</sup> off Washington yellow curb 430' - ½ gallon paint. This is to define a no parking zone .
- JCB parking lot numbers, crosswalk, parking lines-2 gallon white
- Stencil Library parking lot

## Sweeper Mileage/Spoils:

- Total mileage: 363
- Cubic yards of debri: 51.4
- Days per area: Area 1->4 days, area 2->4 days, area 3->2days, area 4->2 days.

## Other projects:

- Grade Stanley Place
- Door hangers for water shut offs, once a month, 4 persons
- Place shoulder rock in washouts-various locations - 10 tons ¾- rock -200 linear feet
- Drove truck to vendor for CSS1 liquid asphalt emulsion for Tac -150 gallons.
- Sweeper training for new utility worker (UW) I
- Clean and service equipment
- Cover sweeper spoils and sanding rock with tarp
- Mow Railroad Ave shoulders
- Ham radio training
- Take sweeper to vendor for repair

- Assist Oak Lodge Sanitary with Roller
- Set out speed trailer weekly, various locations
- Monitor Clackamas County Striping crew
- Graffiti removal at various locations. Generated by Milwaukie PD or from visual inspections.

Time off (Vacations, sick, comp time): 52 hours

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## October:

### Total projects:

- Patching-6
- New sign manufacturing/install-14
- Signs repaired-3
- Other-20

### Pot Hole Repair: Hot mix asphalt permanent repair

- Water cut repair Monroe and Hwy 224-12'X6'X4"- 4 ton hot mix
- Storm cut King Rd.2'X2'X6"(Stanley), King and 48<sup>th</sup> 3'X3"X6-2 tons
- Patch 4803 Harrison 8'X20'X1.5" 2 tons
- Water cut Wood Ave 3'X3'X4", shoulder repair 10910Wood 2'x30'(Birm) 2 tons hot mix
- Water cut Whitcomp 2'X2'X4", potholes Omark Dr. 3 tons hot mix

**Total Tonnage: 13**

### Pot Hole Repair: Cold mix asphalt temporary repair

- Various locations average size 1'X1' depth average 1"-2"

**Total tonnage: 3**

### Rock shoulders:

Various areas-5 tons ¾-rock

### Signs/Markings:

Manufactured new signs:

- 4 hour parking 8-5 west side 23<sup>rd</sup> & Harrison 12"X18" ←
- Permit Parking Only west side 23<sup>rd</sup> & Harrison 6"X12"
- 4 hour parking 8-5 west side 23<sup>rd</sup> & Harrison 12"X18" →
- Permit parking Only west side 23<sup>rd</sup> & Harrison 6"X12"
- Permit Parking Only Scott St. north side 6"X12"
- Permit Parking Only Scott St. south side 6"X12"
- Permit Parking Only Scott St south side 6"X12"
- Permit Parking Only Main St north end east side 6"X12
- Permit Parking Only Main St north end east side 6"X12"
- Permit Parking Only Main St north end east side 6"X12"
- Permit Parking Only Main St north west side 6"X12"
- Permit Parking Only Main St north west side 6"X12"
- Permit Parking Only Main St north west side 6"X12"

- No Parking Anytime 23<sup>rd</sup> & Washington east side 12”X18” →

### Repaired Signs:

- Bump Next Three Blocks Home east side 18”X24”. These let motorists know that there are speed bumps the next three blocks.
- Stop Sign/No Parking Tow Away Millport/McBrod east side  30”X30” (No Park) 12”X12”). These are to replace unserviceable signs.
- No Parking Tow Away Zone 23<sup>rd</sup> & Harrison west side. To replace an unserviceable sign.

### Sweeper Mileage/Spoils:

- Total mileage: 484.5
- Cubic yards of debris: 156.5
- Days per area Area 1->6 days, area 2->5 days, area 3->5 days, area 4->5 days

### Other Projects:

- Drove dump truck to Salem Asphalt for purchase of 7 tons of cold mix asphalt for temporary patching
- Sweeper training
- Remove centerline marking, 40<sup>th</sup> Ave, King Rd to Harvey.
- Grade 58<sup>th</sup> Ave.
- Ham Radio training
- Clean out emulsion on paving truck.
- Took truck vendor for CSS1 liquid asphalt emulsion for Tac –130 gallons
- Shake out sweeper spoils –70cubic yards passed thru screens (87.29 tons), 89.44 tons waste to Metro
- Transport debris to Metro
- Assist Milwaukie PD with traffic accident.
- Pick up sweeper from contract repair shop
- Loader training
- Haul leaves to Clackamas vendor
- Install safety poles at boat ramp
- Clean and service equipment
- Install barricade, Minthorn Loop
- Door hangers for water shut offs, once a month, 4 persons
- Set out speed trailer weekly, various locations
- Graffiti removal at various locations. Generated by Milwaukie PD or from visual inspections
- Assist Storm department with flooding

**Time off (Comp, vacations, sick):** 103 hours

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## November:

### Total projects:

- Patching-5
- New sign manufacturing/install-14
- Signs repaired-3

- Pavement marking-1 (Thermo Plastic melt down)
- Other-20

**Pothole repair: Hot mix asphalt permanent repair**

- Mailwell 10'X20' 30' west of railroad tracks 4 tons
- Jackson, Beckman/Foxfire, Winworth, Locus, 51<sup>st</sup>, 53<sup>rd</sup> 2 tons

**Total tonnage: 6(hot mix)**

**Pot Hole repair: Cold mix asphalt temporary repair**

- Various locations average size 1'X1' depth average 1"-2" - 3 tons

**Rock shoulders:**

- Various areas-5 tons ¾-rock

**Infra Red Patching:**

- 32<sup>nd</sup> Ave. 8'X24' 8 hours
- 27<sup>th</sup> Ave by School 16'X8' 8 hours

**Signs and markings:**

Manufactured new signs:

- No Parking Anytime Stanley/Grove Loop → 12"X18"
- No Parking Anytime Stanley/Grove Loop ← 12"X18"
- No Parking Anytime Stanley/Grove Loop ↔ 12"X18"
- No Parking Anytime Stanley/Grove Loop → 12"X18"
- No Parking Anytime Stanley/Grove Loop ← 12"X18"
- No Parking Anytime Stanley/Grove Loop ↔ 12"X18"
- Street name- Mullen
- Street name-Llewellyn
- Street name-44<sup>th</sup>
- 2 hour Parking 12"X18"
- No Parking Loading Zone, Main & Monroe 12"X18"
- Signs for leaf drop
- Location markers for storm/sewer
- Install previously made parking signs downtown

Repaired signs:

- No Dumping Allowed - 37<sup>th</sup> & Minthorn 18"X24"
- Island in road -31<sup>st</sup> & Washington (Replace post from accident, PD request)
- Replace sign post - 37<sup>th</sup> & RailRoad Ave
- Street name sign - 42<sup>nd</sup> & Covell
- School Zone - 2131 Lake Rd
- 25 MPH - Home & Wilma
- No Parking - 42<sup>nd</sup> & Howe
- Stop -34<sup>th</sup> & Sellwood
- No Parking - International & Mallard
- Stop sign 37<sup>th</sup> & International

Thermo plastic melt down markings:

- RXR Mailwell west side

**Sweeper Mileage/Spoils:**

- Total miles: 308(Crosswind regenerative air sweeper) 308 miles
- Cubic yards of debris: 165
- Total miles: 192 (Whirlwind vacuum sweeper)
- Cubic yards of debris: 103
- Days per area 1->6, 2->5, 3->5, 4->5

Note: Both sweepers ran because of leaf season.

**Other Projects:**

- Hearing tests
- Ham radio test (John)
- Door hangers for water shut offs, once a month, 4 persons
- Set out speed trailer weekly, various locations
- Graffiti removal at various locations. Generated by Milwaukie PD or from visual inspections
- Visit Newburg PW shops, half of a day
- Tele-conference, safety topics
- Assist water department
- Build fire pit for Winter solstice celebration
- Grade 58<sup>th</sup> off Johnson Creek Blvd. (add 5 cyd ¾-rock)
- Install Photo Radar Signs for MPD

**Time off (Vacations, sick, comp time, jury duty):** 40.5 hours

**Total of projects, September thru November:**

- Patching Hot patch -19, cold patch 2,infra-red -2
- New sign manufacturing/install-44
- Signs repaired-15
- Pavement marking-4
- Other-45
- Time off sick, vacation, comp time-195.5 hours

**Sweeper totals:**

- Hours of operation: 504
- Cubic yards of debris: 475.90
- Miles swept: 1347.5



**To: Mayor and City Council**

**Through: Mike Swanson, City Manager**

**From: Kenneth Asher, Community Development & Public Works Director**

**Subject: Downtown Milwaukie Market Expectations**

**Date: January 7, 2008 for the January 15 Work Session**

### **Action Requested**

None. This is an informational presentation from Jerry Johnson of Johnson Gardner LLC, a Portland-based consultancy specializing in real estate development and land use economics. This work session discussion has been prompted by several recent factors, including new leases in downtown, building permit applications for downtown development, and the publication of a recent case study by Johnson Gardner, focusing on Milwaukie.

Staff contends that council should have regular updates, annually or thereabout, concerning the strength of the retail, office and housing markets in downtown Milwaukie.

### **Background**

In 2007, Metro commissioned Johnson Gardner LLC to study the pricing effects of urban living infrastructure – that is, the effect that certain amenities found in urban environments (high end grocery stores, brewpubs, movie theaters, garden shops, etc.) have on housing values. Higher value housing allows mixed used development to occur more readily, which in turn drives the formation of town centers and regional centers. As the region is interested in focusing development in centers, and away from neighborhoods and rural areas, a working knowledge of these relationships is beneficial.

The results of the study indicate that indeed there is a positive correlation between convenient urban amenities and residential value. This finding was mainly attributed to

convenience; people value being able to reach a number of amenities in a short amount of time; all the better if this can be done on foot.<sup>1</sup>

Community Development staff has reviewed this report, and the new program that it supports – Metro’s Urban Living Infrastructure program (ULI). Milwaukie is in the fortunate position of being one of four Focus Centers where the program will apply (the others are Gresham, Hillsboro and Beaverton).

As part of the research, Johnson-Gardner developed case studies of three centers, which identified existing gaps in the current urban infrastructure of each area. Milwaukie was one such center studied, and the conclusions are illuminating.

Jerry Johnson will be on-hand to present these findings to the council at the work session, so they are only summarized here:

- Milwaukie’s urban amenities are limited, and the limited natural trade area of the center (downtown) precludes a number of amenity types that require a more extensive population base.
- Townhomes at \$180-190 per square foot seem to be viable without assistance. Condominiums would appear to need assistance, since sales prices do not appear to be high enough to cover development costs, based on existing market trends.
- Apartment rent trends do not support the development of housing envisioned in Milwaukie’s Downtown Plan.
- Retail development that is not on one of the state highways is challenged, because of low rents.
- Office development doesn’t appear viable under the current plan, because the market rent levels would only support 1-3 story configurations with surface parking.

Johnson Gardner attributes this sobering account to downtown’s relative isolation due to the local highway and arterial network. The highways (and the river) constrain downtown’s trade area – although the report notes that the city’s recent commitments to North Main Village and the waterfront can only help.

The report concludes that downtown Milwaukie will continue to trade at a discount relative to more urban areas, such as Sellwood/Moreland. The planned Portland-Milwaukie light rail project and the development of the Town Center could provide amenities that would bridge some of the existing gaps.

Staff believes that the Johnson Gardner case study provides a good “reality check” for the staff and the council as we consider the opportunities and challenges that confront

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<sup>1</sup> An Assessment of the Marginal Impact of Urban Amenities on Residential Pricing, June 2007, Johnson Gardner

downtown development. Staff does not believe that it contains radically new information, or that it necessitates a change in vision for downtown – only that it points to challenges ahead for downtown development. Staff also believes the city can do more to help; this will be the focus of a February 5 work session item.

**Concurrence**

Not applicable.

**Fiscal Impact**

Not applicable.

**Work Load Impacts**

Not applicable.

**Alternatives**

Not applicable.

**Attachments**

1. Milwaukie Case Study from Johnson-Gardner's 2007 Report on the Valuation of Urban Amenities.

## V. CASE STUDIES

As part of our analysis, we have developed case studies of three centers, which identify existing gaps in the current urban infrastructure of each area. In addition, we discuss what the market is likely to do without public involvement and assess the opportunities available for investment in the areas.

### A. MILWAUKIE

The Milwaukie center is roughly bounded by Highway 224 to the north and east, Highway 99E to the west and Kellogg Lake and SE Washington to the south.

#### Area Overview

While the two highways bounding the district provide for good regional access and exposure, they also isolate the center from much of the area's demographic strength. Major employers in the area include the City of Milwaukie, the Ledding Library, Dark Horse Comics, Milwaukie Lumber and a range of office and retail uses. In addition, the area boasts The Portland Waldorf School, offering K-12 education. A summer concert series is offered in Scott Park, and the Milwaukie Farmer's Market is held on Sundays from May through October. Milwaukie has recently made substantive improvements to its waterfront park on the Willamette, improving the linkages across Highway 99E to downtown.

#### Existing Amenity Mix

Milwaukie's City Center currently has a limited range of urban amenities. The current amenity mix includes several restaurants, coffee shops, a fitness club, and a bar/pub. The area also includes the Milwaukie Cinemas, which shows second run films as well as offering a video arcade. The area is proximate to more extensive amenities offered in the Sellwood/Moreland district, roughly three minutes to the northwest of the area. Major retail concentrations are located on Highway 224 and Highway 99E, with the limited natural trade area of the center precluding a number of amenity types that would require a more extensive population base.

#### Current Market Expectations

Achievable pricing in the area is largely consistent with suburban pricing, although the recently completed North Main Village demonstrating some market support for a more urban pricing model for residential product in the area. Current listed sales prices for residential development at North Main Village area range from between \$180 to \$190 per square foot for townhomes, and average approximately \$260 per square foot for condominiums. At these price levels, the market would be expected to deliver the townhome units with limited assistance. The condominium flats would be difficult to deliver at the current pricing, with similar product requiring sales prices closer to \$350 per square foot in other parts of the metropolitan area.

Rent levels in the area are seen to be well below what is necessary to support mid-rise construction. As seen in North Main Village, affordable housing receiving tax credits represent the most viable development form in the current market.

Retail space in downtown Milwaukie is currently leasing from between \$12 and \$16 per square foot triple net. The highest retail lease rates in the area are immediately north of the Center, with Gramor quoting rent levels of \$32 per square foot at Oak Street Square at the intersection of Highway 224 and SE Oak Street. The recently completed North Main Village retail space is being listed at \$16 per square foot. The Center is currently realizing a discount vis-à-vis proximate locations with direct access from Highway 224 and Highway 99E. At the current rates, marginal retail development is expected to provide a limited return as a single land use unless oriented to capitalize on the trip counts along one of the two adjacent highways.

Office space in the area has been largely limited to owner-occupied space, limiting the availability of comparables to establish achievable lease rates. Peripheral locations providing speculative office space are listing space at \$12 to \$17 per square foot annually. At these rent levels, the market would be expected to deliver space in a one to three story configuration with surface parking.

#### Potential Areas of Opportunity

Milwaukie enjoys a strong regional location, but the local highway and arterial network isolates the area from the demographics of the proximate trade area. Metro has provided assistance in the development of North Main Village, which has provided for a localized population base and increased the amount and continuity of ground floor retail in the area. The City's recent moves to more tightly incorporate the waterfront into the downtown area can be seen as increasing the available amenities in the area.

The key challenge for the Milwaukie Center will be to find ways to capitalize on its regional location and the energy associated with traffic on the adjacent highways. The interface with Highway 99E is seen as particularly important, with redevelopment of the former Texaco site providing a critical opportunity to provide an appealing entry into the area. While the area is never expected to have the critical mass necessary to support an amenity such as a specialty grocer due to its limited size, a mix of uses providing a similar range of services is possible over time. Increasing the local population base and better facilitating the capture of drive-by trips will be critical in boosting retail viability.

Until the local amenity base increases to a level consistent with more urbanized areas such as Sellwood/Moreland, we would expect that downtown Milwaukie will trade at a discount relative to more urban areas. The planned Portland-Milwaukie light rail project would represent an amenity that could bridge some of that gap. An incremental approach to encourage the ongoing development of local density (residential and office uses), as well encouragement of support retail and service industry are seen as moving the center towards the desired development patterns.



**TO: MAYOR AND CITY COUNCIL**  
**FROM: MIKE SWANSON, CITY MANAGER**  
**DATE: JANUARY 6, 2008**  
**RE: LIBRARY FUNDING/FOLLOW-UP TO JANUARY 2 WORK SESSION**

### **ACTION REQUESTED**

This memorandum proposes no action. It is intended to provide information requested at the Council's January 2, 2008 work session.

### **BACKGROUND**

At the January 2, 2008 work session the proposed County-wide Library District and elimination of the County's current payments to city libraries was discussed. The context of the discussion was Clackamas County's request for \$10,000 from each city for an information campaign. Two specific questions were raised that are addressed by this memorandum.<sup>1</sup>

One question was the rate required within the City to make up the amount lost by elimination of the County's annual payment. The rate required to fully fund the amount lost is .3612 per \$1,000 of assessed value.<sup>2</sup>

Another question was the amount raised by a rate of \$.15 per \$1,000 of assessed value. The amount that would be raised by that rate is \$213,468.<sup>3</sup>

If the District proposal fails, and if the City chooses to make up all or a portion of the lost revenue, we would face a number of additional issues. One would be

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<sup>1</sup> I am also researching a couple of additional issues that arose and will address them at a future date. An example is whether or not any additional amount levied would be significantly impacted by the possibility of compression. According to the Clackamas County Assessor's Statement of Taxes Levied in Clackamas County, Oregon For Year Ending June 30, 2008, the amount of local government levies and collection lost due to Measure 5 Compression within Milwaukie was \$813.80 out of a total amount of taxes available of \$6,334,015. While it appears that any loss would be insignificant, a more detailed analysis would be advisable should a request for additional taxes be made.

<sup>2</sup> The calculation of a rate is a moving target based on a number of assumptions. For this calculation I used the FY 2007-08 budgeted payment from Clackamas County, which is \$480,383. In order to ensure that the amount received would equal the amount budgeted I have increased it by 7% to account for uncollected property taxes (which would be recovered in future years). I used an assessed value of \$1,423,118,369, which is found in the Clackamas County Assessor's Statement of Taxes Levied in Clackamas County, Oregon For Year Ending June 30, 2008. Finally, to simplify this calculation, I have treated the City as if it were within only Clackamas County. I did not include any collection from that small portion within Multnomah County.

<sup>3</sup> The actual amount collected would be approximately \$198,525 when you account for the uncollected taxes (which would be recovered in future years). The actual amount generated by \$.15 per \$1,000 of assessed value is \$213,468, but the amount collected would be less because of the uncollected taxes.

whether we would choose to request the additional funds as a portion of the City's permanent rate or as a special levy.<sup>4</sup>

Another issue should the District fail will be whether and how to serve patrons who do not reside within the City. The failure of the District proposal most likely means the elimination of the current system whereby a patron who resides in unincorporated Clackamas County can access materials in a City library (and City patrons can access materials in the County library system). The loss of County funding means that each City will be fully funding its library. Thus, it is reasonable to argue that a non-resident should pay for services, which, historically, was the way business was done before the County-wide library levy.

Between the time of this writing and your January 15, 2008 work session I will have attended a meeting of the city managers within Clackamas County where this issue will be discussed. In addition, we will soon receive the proposed intergovernmental agreement regarding the District, after which I will again schedule this matter for further discussion, most likely at the February 5, 2008 work session.<sup>5</sup>

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<sup>4</sup> You will recall that the City does not levy its entire authorized permanent rate of 6.5379 per \$1,000 of assessed value, having reduced its levy by the amount of the Fire District's permanent rate upon annexation to the District. That reduction leaves the City with an additional 2.4024 per \$1,000 of assessed value. The request for additional funds will require a vote and would be a permanent addition to the City's taxing authority. The City could also choose to request the funds through a levy, which also requires a vote but is limited to the number of years specified in the ballot measure.

<sup>5</sup> The Board of County Commissioners has committed to send one Board member (and a County staff person) to each city to discuss the District proposal. Thus, I assume that the discussion will include a Board member.