



**Work Session**

**WS**

**Milwaukie City Council**



MILWAUKIE CITY COUNCIL  
WORK SESSION

City Hall Conference Room  
10722 SE Main Street  
www.milwaukieoregon.gov

**REVISED AGENDA**  
**APRIL 5, 2016**  
(Revised April 1, 2016)

A light dinner will be served.

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**4:00 p.m. EXECUTIVE SESSION**

The City Council will meet in Executive Session pursuant to Oregon Revised Statute (ORS) 192.660(2)(h) to consult with counsel concerning legal rights and duties regarding current litigation or litigation likely to be filed.

1. **4:15 p.m. Downtown Milwaukie Business Association (DMBA) Quarterly Update** **1**  
Presenters: Kelli Keehner, DMBA President  
Alma Flores, Community Development Director
2. **4:35 p.m. Street Surface Maintenance Program (SSMP) and Fee in Lieu of Construction (FILOC) Update** **3**  
Staff: Chuck Eaton, Engineering Director **9**
3. **5:00 p.m. Wastewater Treatment Issues** **15**  
Staff: Gary Parkin, Public Works Director
4. **5:30 p.m. Bulky Waste Collection Day**  
Staff: Mitch Nieman, Assistant to the City Manager
5. **5:45 p.m. Adjourn**

**Meeting Information**

- The time listed for each item is approximate; the actual time each item is considered may change due to the length of time devoted to the previous item. The Council may vote in Work Session on non-legislative issues.
- Executive Sessions: The Milwaukie City Council may meet in executive session immediately following adjournment pursuant to ORS 192.660(2).
  - All Executive Session discussions are confidential and those present may disclose nothing.
  - 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.
  - Executive Sessions may not be held for the purpose of taking final actions or making final decisions.
  - Executive Sessions are closed to the public.
- For assistance/service per the Americans with Disabilities Act (ADA), please dial TDD 503-786-7555. During meetings the Council asks that all pagers and cell phones be set on silent mode or turned off.



MILWAUKIE CITY COUNCIL  
STAFF REPORT

Agenda Item: **WS 1.**  
Meeting Date: **April 5, 2016**

To: Mayor and City Council  
Through: Bill Monahan, City Manager

Subject: **Downtown Milwaukie Business Association (DMBA)  
2016 Quarterly Report to Council**  
From: Alma Flores  
Date: March 28, 2016

### **ACTION REQUESTED**

Listen to the 1<sup>st</sup> Quarter report in 2016 from Kelli Keehner, Chair of the Downtown Milwaukie Business Association (DMBA).

### **HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

The city has not had any prior quarterly discussions with the DMBA. However, the city had established a Main Street Milwaukie program that is a volunteer-driven, grassroots economic development program focused on downtown Milwaukie.

The City of Milwaukie assisted downtown businesses, property owners, and interested residents to initiate the "Main Street Milwaukie" program (with help from the Clackamas County Main Street Program and the State of Oregon).

The Milwaukie Main Street area included all businesses located between Hwy 224 to the north, the railroad right-of-way to the east, Adams St to the south, and McLoughlin Blvd to the west.

### **The Main Street Approach™**

The Main Street Approach™ was developed by the National Trust for Historic Preservation, and is a proven comprehensive approach to downtown commercial district revitalization. This approach has been implemented in over 1,800 cities and towns in 45 states across the nation with the help of the National Main Street Center and statewide downtown revitalization programs. The success of the Main Street Approach™ is based on its comprehensive nature. Main Street groups organize their work around four areas, or "committees":

- The Organization Committee focuses on the structure of the Milwaukie Main Street organization and resource development.
- The Design Committee is dedicated to improving the physical appearance of downtown Milwaukie.
- The Economic Vitality Committee focuses on identifying and supporting business opportunities.
- The Promotions Committee is devoted to promoting the downtown and related businesses.

The city could decide to leverage this program to assist the DMBA through its efforts in the long term.

**BACKGROUND**

The DMBA is a local 501c3 (non-profit) made up of volunteers and small business owners dedicated to the growth, energy, and heart of the Downtown Milwaukie Business District.

**CONCURRENCE**

Community Development Director and City Manager concur with this report.

**FISCAL IMPACTS**

None

**WORK LOAD IMPACTS**

The economic development division of the Community Development department and the city manager's office offer staff time to help coordinate events, permitting, and technical assistance, when necessary.

**ALTERNATIVES**

None

**ATTACHMENTS**

None



MILWAUKIE CITY COUNCIL  
**STAFF REPORT**

**[Staff Report Moved]**

To: Mayor and City Council  
Through: Bill Monahan, City Manager

Subject: **SSMP Annual Report**

From: Charles Eaton

Date: March 25, 2016  
**(Removed April 1, 2016)**

**NOTICE:**

**This Staff Report has been removed from this packet and posted in the April 5, 2016, Regular Session packet.**



MILWAUKIE CITY COUNCIL  
STAFF REPORT

Agenda Item: **WS 2. B.**  
Meeting Date: **April 5, 2016**

To: Mayor and City Council  
Through: Bill Monahan, City Manager  
Subject: **FILOC Ordinance Review**  
From: Charles Eaton  
Date: March 28, 2016

**ACTION REQUESTED**

Review, comment and provide direction on draft ordinance revisions.

**HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

**March 1, 2016:** Staff presented draft revisions to the FILOC (Fee in Lieu of Construction) ordinance for review. Several specific items were discussed and staff was directed to draft additional language for the FILOC ordinance.

**February 2, 2016:** Staff met with City Council to discuss the interpretation being used by staff for the administration of FILOC funds in accordance with MMC 19.706

**BACKGROUND**

As part of the staff report for the March 1<sup>st</sup> City Council Work Sessions staff outlined two changes to the FILOC Ordinance. The ordinance was rewritten into chapter 13 and the restriction for use on transportation facilities only was removed.

As part of the FILOC discussion, three additional areas within the existing ordinance were discussed: the 10 year time frame limitation; the restriction to use of the funds within the NDA received; and to expand the ability to qualify for the FILOC program.

Staff was directed to draft additional FILOC language to eliminate the 10 year time frame limitation, add an additional allowance for use of the funds that benefit the development, and develop possible additional conditions for allowance FILOC.

**CONCURRENCE**

The Planning Director concurs with these revisions

**FISCAL IMPACTS**

No additional Impacts proposed.

**WORK LOAD IMPACTS**

Some additional staff time for the accounting of FILOC funds due to the need to separate utilities.

**ALTERNATIVES**

Make only some or none of the proposed changes to the FILOC program.

**ATTACHMENTS**

1. FILOC Proposed Ordinance Revisions

**19.706.13.32 FEE IN LIEU OF CONSTRUCTION****13.32.010 PURPOSE**

If ~~transportation~~ facility improvements are required ~~and determined to be proportional~~, the City will require construction of the improvements at the time of development. However, the applicant may request to pay a fee in lieu of constructing the required ~~transportation~~ facility improvements determined to be proportional. The fee in lieu of construction (FILOC) program ensures that opportunities to improve public ~~transportation~~ facilities are maximized and that the goals and requirements of ~~this chapter the City of Milwaukie~~ are met. This section provides criteria for making FILOC determinations and administering the FILOC program.

**19.706.113.32.020 FILOC Criteria**

The City may accept a fee in lieu of construction of required ~~transportation~~ facility improvements if one or more of the following conditions exist.

- A. Required improvements are not feasible due to the inability to achieve proper design standards.
- B. Required improvements would create a safety hazard.
- C. Required improvements are part of a larger approved capital improvement project that is listed as a funded project in the City's Capital Improvement Program (CIP) ~~and is scheduled for construction within 3 years of the City's approval of the proposed development~~.
- D. Required improvements would create a situation that would not comply with City standards without extensive additional offsite improvements.
- E. Required improvements are less than needed to meet City standards due to the City's inability to require full improvements based on proportionality requirements ~~on the development~~.

**19.706.213.32.030 FILOC Findings**

If the Engineering Director determines that a fee in lieu of construction satisfies one of the criteria in Subsection ~~19.706.113.32.020~~ above, the City ~~will may~~ accept a fee in lieu of construction upon the Engineering Director finding that deferring construction of ~~transportation~~ facility improvements will not result in any safety hazards ~~or and is not necessary for the development~~. If the Engineering Director cannot make such a finding, then the City will not accept a fee and ~~will shall~~ require construction of the improvements. The Engineering Director has sole ~~determination on~~ discretion as to what improvements constitutes a safety hazard or ~~is are~~ necessary for the development.

**19.706.313.32.040 FILOC Fees**

If determined by the Engineering Director that required ~~transportation~~ facility improvements are eligible for FILOC, the applicant shall pay to the City an amount equal to the estimated cost to construct the required improvements. The amount of the fee shall be determined by the Engineering Director and shall be based on ~~the average~~ itemized bid prices cost of ~~the most~~

~~recent~~ capital improvement projects ~~s-itemized bid prices~~. All fees shall be paid to the City prior to the issuance of any development ~~and/or building~~ permits.

A. If ~~full transportation facility improvements have been assessed with~~ previous development(s) on the ~~development subject~~ property ~~have resulted in the full construction of facility improvements or payment of FILOC fees~~ and the proposed development has additional impacts, the City may only assess additional FILOC fees when there has been a change to the City's ~~street~~ design standards.

B. If ~~partial transportation facility improvements have been assessed with~~ previous development(s) on the ~~development subject~~ property ~~have resulted in the partial construction of facility improvements or payment of FILOC fees~~ and the proposed development has additional impacts, the City may assess additional FILOC fees for the balance of the improvements ~~to bring the facilities into compliance with the City's current design standards~~.

### ~~19.706.413.32.050~~ **FILOC Administration**

Fees collected by the City may be used to construct public ~~transportation~~ facility improvements or to leverage additional grant money for larger ~~transportation~~ facility improvement projects. An accounting of fees collected and expended will be made available by the City to the public on an annual basis at the end of the fiscal year. Expenditure of fees is subject to the following:

A. Fees shall be used for construction of public ~~transportation~~ facility improvement projects that benefit the development site, ~~and that~~ are within the same Neighborhood District Association (NDA) boundary, ~~or are within 1000 feet of~~ ~~as~~ the development site, with the following two exceptions.

1. For development within a downtown zone, fees shall be used for construction of ~~transportation~~ facility improvements that benefit the development site, ~~and~~ are within one or more of the downtown zones, ~~or are within 1000 feet of the development~~.

2. For development within the Historic Milwaukie NDA and not within a downtown zone, fees shall be used for construction of ~~transportation~~ facility improvements that benefit the development site, ~~and that~~ are within the Historic Milwaukie NDA and not within a downtown zone, ~~or are within 1000 feet of the development~~. Fees collected in the Historic Milwaukie NDA may be spent in one or more of the downtown zones with the approval of the Historic Milwaukie NDA.

~~B. Fees shall be used committed within 10 years of the date on which they were collected. Fees that have not been used committed within 10 years of collection will be returned to the owner of the development property at the time the refund is issued. For purposes of this subsection, a fee is committed when it is spent or obligated to any budgeted project as matching funds or otherwise.~~

CB. Staff shall identify the ~~transportation~~ facility improvement projects that meet the requirement of benefiting the development site as defined in ~~per~~ Subsection ~~19.706.413.32.050.A and that can be constructed committed within the 10 year time period per Subsection 19.706.4.B.~~ Staff shall coordinate with the neighborhood district associations to prioritize the project lists for each neighborhood.

C. Fees will be kept separately between facility types (Water, Sewer, Storm, Streets, Parks, etc.) and utilized on like facility improvements for which they were received.

## **13.32 FEE IN LIEU OF CONSTRUCTION**

### **13.32.010 PURPOSE**

If facility improvements are required, the City will require construction of the improvements at the time of development. However, the applicant may request to pay a fee in lieu of constructing the required facility improvements determined to be proportional. The fee in lieu of construction (FILOC) program ensures that opportunities to improve public facilities are maximized and that the goals and requirements of the City of Milwaukie are met. This section provides criteria for making FILOC determinations and administering the FILOC program.

### **13.32.020 Criteria**

The City may accept a fee in lieu of construction of required facility improvements if one or more of the following conditions exist.

- A. Required improvements are not feasible due to the inability to achieve proper design standards.
- B. Required improvements would create a safety hazard.
- C. Required improvements are part of a larger approved capital improvement project that is listed as a funded project in the City's Capital Improvement Program (CIP).
- D. Required improvements would create a situation that would not comply with City standards without extensive additional offsite improvements.
- E. Required improvements are less than needed to meet City standards due to the City's inability to require full improvements based on proportionality requirements on the development.

### **13.32.030 Findings**

If the Engineering Director determines that a fee in lieu of construction satisfies one of the criteria in Subsection 13.32.020 above, the City may accept a fee in lieu of construction upon the Engineering Director finding that deferring construction of facility improvements will not result in any safety hazards and is not necessary for the development. If the Engineering Director cannot make such a finding, then the City will not accept a fee and shall require construction of the improvements. The Engineering Director has sole discretion as to what improvements constitute a safety hazard or are necessary for the development.

### **13.32.040 Fees**

If determined by the Engineering Director that required facility improvements are eligible for FILOC, the applicant shall pay to the City an amount equal to the estimated cost to construct the required improvements. The amount of the fee shall be determined by the Engineering Director and shall be based on average itemized bid prices of capital improvement projects. All fees shall be paid to the City prior to the issuance of any development or building permits.

- A. If previous development(s) on the subject property have resulted in the full construction of facility improvements or payment of FILOC fees and the proposed

development has additional impacts, the City may only assess additional FILOC fees when there has been a change to the City's design standards.

B. If previous development(s) on the subject property have resulted in the partial construction of facility improvements or payment of FILOC fees and the proposed development has additional impacts, the City may assess additional FILOC fees for the balance of the improvements to bring the facilities into compliance with the City's current design standards.**13.32.050 Administration**

Fees collected by the City may be used to construct public facility improvements or to leverage additional grant money for larger facility improvement projects. An accounting of fees collected and expended will be made available by the City to the public on an annual basis at the end of the fiscal year. Expenditure of fees is subject to the following:

A. Fees shall be used for construction of public facility improvement projects that benefit the development site, are within the same Neighborhood District Association (NDA) boundary, or are within 1000 feet of the development site, with the following two exceptions.

1. For development within a downtown zone, fees shall be used for construction of facility improvements that benefit the development site, are within one or more of the downtown zones, or are within 1000 feet of the development.

2. For development within the Historic Milwaukie NDA and not within a downtown zone, fees shall be used for construction of facility improvements that benefit the development site, are within the Historic Milwaukie NDA and not within a downtown zone, or are within 1000 feet of the development. Fees collected in the Historic Milwaukie NDA may be spent in one or more of the downtown zones with the approval of the Historic Milwaukie NDA.

B. Staff shall identify the facility improvement projects that meet the requirement of benefiting the development site as defined in Subsection 13.32.050.A. Staff shall coordinate with the neighborhood district associations to prioritize the project lists for each neighborhood.

C. Fees will be kept separately between facility types (Water, Sewer, Storm, Streets, Parks, etc.) and utilized on like facility improvements for which they were received.



MILWAUKIE CITY COUNCIL  
STAFF REPORT

Agenda Item: **WS 3.**  
Meeting Date: **April 5, 2016**

To: Mayor and City Council

Through: Bill Monahan, City Manager

Subject: **Wastewater Treatment Issues**

From: Gary Parkin, Public Works Director

Date: March 28, 2016

### **ACTION REQUESTED**

This report is informational with no specific action requested

### **HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

**December 4, 2012:** City Council approved entering into an Intergovernmental Agreement (IGA) with Clackamas County Service District #1 (CCSD#1) for the provision of wastewater treatment services.

### **BACKGROUND**

The City has been a wholesale customer of CCSD#1 since 1970 and has received treatment services from CCSD#1 since 1972. Treatment services are provided at the Kellogg Creek Water Pollution Control Plant located in the City. Over the past 40 years, the City and CCSD#1 modified the terms of the treatment agreement several times.

Beginning in 2008, the City and CCSD#1 were engaged in discussions about a proposed new rate collection methodology and related issues. Discussions culminated in December 2012 with the adoption of the IGA referenced above.

In addition to providing terms of the services provided by CCSD#1, a district fund was established for the duration of the agreement with a monthly deposit of the equivalent of \$1 per EDU of the city's connections into a Good Neighbor Fund. The Fund is used by the City to mitigate the impact of the Kellogg Plant on the surrounding neighborhoods. CCSD#1 also contributed \$1 million as seed funding to the Good Neighbor Fund for initial odor control improvements at or around the Kellogg Plant, to be used in a manner determined by the City.

Two committees were formed in 2008 as advisory bodies to the Board of County Commissioners (BCC). The RiverHealth Advisory Board serves the CCSD#1 with district members from unincorporated areas, Milwaukie, Happy Valley and Damascus. The RiverHealth Advisory Board is a citizen advisory board that makes recommendations to the BCC on wastewater and surface water policy, budget and issues affecting District customers. Councilor Power is the City's Board member.

The Regional Wastewater Treatment Capacity Advisory Committee was created by the Board of County Commissioners on January 2, 2008, initially as a task force with a purpose to facilitate discussions between all wastewater service providers in urbanized Clackamas County to explore the formation of a collaborative partnership to capture the financial benefits of the economies of scale inherent in large capital investments. The collaboration includes the cities of Milwaukie, Gladstone, Happy Valley, Oregon City and West Linn and those portions of unincorporated Clackamas County within CCSD#1. Councilor Power was elected Chair at the February 29, 2016 meeting.

The RiverHealth Board is reviewing budget issues and the status of capital projects for CCSD#1. Issues for the Committee are related to treatment capacity for CCSD#1. The Committee has supported the City's promotion of work on odor reducing projects at the Kellogg Treatment Plant.

Issues with the Kellogg Treatment Plant are related to its age and the need to repair and replace every major process. A multi-year effort is underway that addresses everything from the head works to the outfall.

The Regional Wastewater Treatment Capacity Advisory Committee has focused on how to work with equity, fairness, and governance of a potential partnership. It has been difficult to resolve issues of ownership between the two districts and treatment plants.

Specific wastewater treatment issues are related to the accelerated population growth in the County and delayed investment in solids capacity at the Tri-Cities treatment plant. The Tri-Cities treatment plant is nearing capacity with their digesters and looking at a number of short-term operating strategies to manage the risk of potential digester failure. The Regional Wastewater Treatment Capacity Advisory Committee has been meeting for slightly more than a year and not yet arrived at a recommended permanent treatment solution.

Water Environment Services (WES) has an engineering consultant working on their solids handling project to address the lack of capacity at the Tri-Cities plant. A Solids Handling Improvement Project; Screening Technologies Workshop was held on March 10, 2016 to look at alternatives for screening as part of solids handling. Engineers from CH2M and other engineering firms as well as engineers and operators from WES were present. The goal of the workshop was to look at which technologies were the best alternatives for sludge stabilization and dewatering and determine which technologies to carry forward for a more detailed evaluation as the project moves to construction.

The need to immediately expand wastewater treatment will impact rates. Recent projections provided by WES staff show the original master plan rates increasing at a steady amount in the 10-year period through 2024 – about 6% per year ending 61% higher. The accelerated master plan to meet the growth needs of the region shows the rates beginning at the same point and ending nearly the same at 66% higher. However the accelerated rates have a steep increase of 33% in 2017 (about a 23% increase from the current treatment rate).

## **CONCURRENCE**

N/A

**FISCAL IMPACTS**

The cost to treat wastewater is increasing and will have an effect on the City's wastewater rate. Treatment costs account for 64% of expenditures in 2015. An increase in the treatment costs of 23% would likely result in an increase of 10% or more. The precise effect has not been determined although the Citizen's Utility Advisory Board believes that with current reserves within the Wastewater fund, present action is not needed.

**WORK LOAD IMPACTS**

N/A

**ALTERNATIVES**

N/A

**ATTACHMENTS**

None.