



Work Session

WS

Milwaukie City Council

COUNCIL WORK SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

AGENDA

JULY 16, 2024

Council will hold this meeting in-person and by video conference. The public may come to City Hall, join the Zoom webinar, or watch on the [city's YouTube channel](#) or Comcast Cable channel 30 in city limits. **For Zoom login** visit <https://www.milwaukieoregon.gov/citycouncil/city-council-work-session-352>. **Written comments** may be delivered to City Hall or emailed to ocr@milwaukieoregon.gov.

Note: agenda item times are estimates and are subject to change.

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- | | |
|---|-----------|
| 1. Solid Waste Rates Review – Discussion (4:00 p.m.) | 12 |
| Staff: Michale Osborne, Finance Director | |
| 2. Adjourn (4:30 p.m.) | |

Executive Session. After the work session Council will meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660 (2)(i) to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing, (d) to conduct deliberations with persons designated by the governing body to carry on labor negotiations, and (e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at ocr@milwaukieoregon.gov or phone at 503-786-7502. To request Spanish language translation services email espanol@milwaukieoregon.gov at least 48 hours before the meeting. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the [city's YouTube channel](#) and Comcast Channel 30 in city limits.

Servicios de Accesibilidad para Reuniones y Aviso de la Ley de Estadounidenses con Discapacidades (ADA)

La ciudad se compromete a proporcionar igualdad de acceso para reuniones públicas. Para solicitar servicios de asistencia auditiva y de movilidad, favor de comunicarse a la Oficina del Registro de la Ciudad con un mínimo de 48 horas antes de la reunión por correo electrónico a ocr@milwaukieoregon.gov o llame al 503-786-7502. Para solicitar servicios de traducción al español, envíe un correo electrónico a espanol@milwaukieoregon.gov al menos 48 horas antes de la reunión. El personal hará todo lo posible para responder de manera oportuna y atender las solicitudes. La mayoría de las reuniones del Consejo de la Ciudad se transmiten en vivo en el [canal de YouTube de la ciudad](#) y el Canal 30 de Comcast dentro de los límites de la ciudad.

Executive Sessions

The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.



CITY OF MILWAUKIE

Memorandum

To: City Council
From: Joseph Briglio, Community Development Director
CC: Emma Sagor, Acting City Manager
Date: July 16, 2024
Re: Community Development Department Monthly Update

Community Development, Economic Development, & Housing	Planning	Building	Engineering
<ul style="list-style-type: none">▪ Economic Development▪ Affordable Housing	<ul style="list-style-type: none">▪ Comprehensive Plan Implementation▪ Planning Commission▪ Design and Landmarks Committee▪ Land Use/ Development Review	<ul style="list-style-type: none">▪ June Review	<ul style="list-style-type: none">▪ CIP▪ Traffic/Parking Projects▪ Right-of-Way Permits▪ PIP▪ Document Administration

COMMUNITY DEVELOPMENT/ECONOMIC DEVELOPMENT/HOUSING

Economic Development

Downtown:

- O'Malley's Gym received its Temporary Certificate of Occupancy (TCO) and is open for business. They are offering membership trials and promotions, which is likely causing a rush of customers. It is assumed that traffic and parking related increases will dissipate and stabilize over time.
- The sale of the Collectors Mall, along with the adjacent store fronts, is slated to close in August but is actively soliciting for new tenants in the vacant spaces: [See Lease Flyer Here](#)
- Historic City Hall: pFriem Beer and Keeper Coffee recently announced their new locations at Historic City Hall and the press has been very positive - <https://www.oregonlive.com/beer/2024/03/pfriem-family-brewers-to-open-first-portland-area-taproom.html>
 - The pFriem, Keeper, and Milwaukie flags are flying in front of the building.
 - Henry Point Development has completed the demolition portion of the project as of March 2024. They have approved building permits and have started construction.

- Construction completion is scheduled for winter/spring 2025.
- The Libbie's property is currently for sale: <https://www.loopnet.com/Listing/11056-11070-SE-Main-St-Milwaukie-OR/31458135/>
- The former Chase Bank property is currently listed for sale - <https://www.loopnet.com/Listing/Former-Bank-Attached-Building/31903098/>
- [Cloud Pine](#) will be closing its doors later this summer. It was always intended to be a three-year project for the owners.
- The city approved a temporary use permit for seasonal stand-up paddle board and kayak rentals at Milwaukie Bay Park. You'll see a pop-up tent and Scott Cole, the owner, Wednesday through Sunday renting equipment during the day.
- *Milwaukie Station*: All cart spaces are currently occupied.

Milwaukie Marketplace:

- Ace Hardware is open and nearby Mike's Drive-In reopened after a long tenant improvement period.
- Pietro's Pizza has submitted building renovations plans for the old McGrath's Fish House. It is unclear when they intend on moving locations and opening.

Enterprise Zone:

- Portland Polymers, a plastics recycler, is relocating to Milwaukie's north innovation area and recently received approval to take advantage of the North Clackamas Enterprise Zone tax incentives.
- The Overland Van Project was also approved a few months ago. Alpine Foods is in their final application stages and should receive approval soon. Swagelock has withdrawn its interest for now.

Urban Renewal Area Economic Development Programs:

- The Milwaukie Redevelopment Commission Citizen Advisory Committee (MRCCAC) convened in November and January to discuss the draft criteria and provide feedback on the emerging economic development programs.
- Staff presented the MRCCAC recommended program parameters on March 19th to the Milwaukie Redevelopment Commission and are currently in the process of building out the applications and grant agreements to help launch the programs at the beginning of August.

Affordable Housing

Sparrow Site:

- The city purchased the parcel ("main property") at the northeast corner of SE Sparrow Street and the Trolley Trail from TriMet for the purpose of land banking to support affordable housing several years ago. More recently, staff received a Metro Brownfields grant to support due diligence for the acquisition of 12302 SE 26th Avenue ("auxiliary property") from TriMet in order to help rectify access constraints to the main property. The city closed on the

12302 SE 26th Ave ("auxiliary") property and is considering next steps.

Coho Point:

- The Developer presented an update to the city council during its February 21, 2023, work session and requested a 12-month extension of the Disposition and Development Agreement (DDA) due diligence period because of extenuating circumstances involving supply chain and subcontractor timing issues related to the COVID-19 pandemic. The due diligence period was officially extended to March 31, 2024.
- Staff were notified on May 10, 2023, that Black Rock had submitted the CLOMR to FEMA. The review process typically takes several months, and FEMA has requested additional information from the applicant in September 2023, January 2024, and March 2024. The applicant has 90 days to address FEMA's comments and resubmit. In order to allow for the completion of the CLOMR/FEMA process, the City agreed to a fourth due diligence extension of September 30, 2024.

Construction Excise Tax (CET) Program:

- The CET Program was established by the city council in 2017 and codified within chapter 3.60 (Affordable Housing Construction Excise Tax) of the municipal code. The CET levy's a one percent tax on any development over \$100,000 in construction value. In example, a property owner who is building an addition that has an assessed construction value of \$100,000 would have to pay \$1,000 in CET to the city. As development continues throughout the city, the CET fund increases in proportionality.
- The city released its inaugural competitive bid process for CET funds through a formal Request for Proposals (RFP). This resulted in Hillside Park Phase I being awarded \$1.7M (requested \$2M) and the Milwaukie Courtyard Housing Project (Now called Milwaukie Shortstack) with \$300K (requested \$600K).
- On March 7, 2023, the city council authorized the city manager to execute the necessary grant agreements in the amounts listed above. The grants agreements for both projects have been signed and executed, and initial funding disbursements have occurred. Staff will now work with the applicants to ensure that their projects meet the conditions for funding.

PLANNING

Comprehensive Plan Implementation

- Neighborhood Hubs: Following a series of public workshops and an online survey, planning and community development staff are moving forward with proposed code amendments and an economic development toolkit for the Neighborhood Hubs project.

Staff held a work session with the City Council on December 19 to discuss the project status and next steps. Staff met with the Planning Commission in a work session on January 23 to provide an update and discuss a draft set of proposed code amendments. A public hearing with the Planning Commission was held on March 12. Measure 56 notices, 300-ft notices, and emails to NDAs and other stakeholders were sent the week of February 12. After a detailed presentation about the project and the proposed amendments, the Planning Commission voted unanimously to recommend approval of the amendments. The City Council hearing was held on May 7, where the Council heard the staff report, took public testimony, began deliberation, and provided staff with direction on additional information and revisions to the proposed code. The hearing was continued to July 16.

The required 30-day notice and code commentary was posted on February 7:
<https://www.milwaukieoregon.gov/planning/za-2024-001>.

Transportation Systems Plan (TSP)

- The TSP kicked off in October 2023. To date, the Technical and Advisory Committees have each met four times. Most recently, the committees reviewed draft performance measures, and a draft livable streets analysis. There will be an opportunity for the public to provide feedback and ask questions about the performance measures and livable streets analysis on Engage Milwaukie beginning in early July. Staff will be taking the draft performance measures and livable streets analysis to the Planning Commission along with revised goals and policies on June 25. The City Council is scheduled to review the draft goals and policies during an August 6th work session. Over the summer, the city and its consultant will be conducting an existing conditions/needs/gaps analysis. The Technical Committee will meet again on August 14 to review the findings of that analysis and the Advisory Committee will meet on August 15.

Planning Commission

- ZA-2022-005: A Type V code amendment application related to Climate Friendly Equitable Communities rulemaking. The Planning Commission held a public hearing on February 14th and voted 6-0 to recommend approval of the code amendments. The City Council discussed the amendments during the regular session on March 7th. These code amendments were put on hold until the rulemaking process was complete in the fall of 2023. Staff held a public hearing with the Planning Commission on March 12, 2024, which unanimously recommended approval of the code package. A work session was held with the City Council on April 2, 2024, and unanimously adopted on May 21.
- ZA-2024-001: A Type V code amendment package related to Neighborhood Hubs. The Planning Commission public hearing was held on March 12, where the Commission voted unanimously to recommend approval of the proposed amendments. The City Council held a public hearing on May 7. The hearing was continued to July 16.
- DR-2024-001, VR-2024-002: A Type III application to establish a food park at 1915-1925 SE Scott St. The proposal includes areas for food carts/trucks; a covered, open-air seating area;

and a permanent multi-story taproom building with a bar, indoor and roof-deck seating areas, and restrooms. The existing parking area will be improved and maintained to serve the site. The proposal requires downtown design review and a variance to minimum FAR in the DMU zone. The Planning Commission hearing was held on June 11 where they took a vote to deny the application and to continue the hearing to August 13 to review findings for denial.

- VR-2024-003: A Type III application seeking relief from the minimum side yard setback to allow the development of a 13-ft addition to the existing attached garage with a 0.5-ft setback rather than the required 10 ft. The addition would allow for the construction of additional living space while maintaining garage space. The addition would extend the existing non-conforming structure with a 0.5-ft setback. The Planning Commission hearing was held on June 11 where they voted 4-0-1 to approve the application. The Notice of Decision was issued on June 12. An appeal was filed by a neighbor with support from the Lake Road NDA. The appeal hearing with the City Council has been scheduled for August 6.
- AP-2024-001: An appeal of the Planning Commission's approval of VR-2024-003. The appellant, Barbara Allan, with the support of the Lake Road NDA, states that there are impacts from the proposed addition and that the Commission erred in its interpretation of the approval criteria. The appeal hearing has been scheduled with the City Council on August 6.
- Natural Resources code update: Planning Commission held a work session on July 9 focused on proposed updates to the Water Quality Resource standards and coordination with the residential tree code.
- DR-2024-002 (primary file), CSU-2024-004, WG-2024-001, NR-2024-002: A Type III application to construct an addition to the existing Water Environment Services (WES) Administration Building at the Kellogg Creek wastewater treatment facility (11525 SE McLoughlin Blvd). The project will expand the conference room; relocate the locker rooms, lunchroom, and laundry from the Chemical Building; and plant native trees and shrubs as mitigation for permanent disturbance of a portion of the habitat conservation area (HCA) on the site. The application includes requests for minor modifications to the existing community service use and Willamette Greenway approvals for the site. The Planning Commission held a public hearing on July 9 and voted unanimously to approve the application with the findings and conditions recommended by staff.

Land Use/Development Review

- MHL-2024-001: A Type II application for a middle housing land division at 2908 SE Olsen St. The proposed division would put each dwelling unit of a detached triplex onto its own lot. The property currently has the original single detached dwelling and an accessory dwelling unit. The third dwelling unit is in permit review. The required public notice mailing and referral to other departments and agencies was mailed on June 10, with a deadline for comments on June 24. A notice of decision to approve the application with conditions was issued on July 10. The appeal period runs until July 25.
- VR-2024-004: A Type II application for a fence variance at 5397 SE Rainbow Ln. The applicant has requested to increase the 6-ft maximum allowed fence height in their side and rear yard to 8 ft. If approved, the variance would allow the applicant to maintain an already built cedar fence that was attached to a pre-existing 8 ft tall chain link fence. The required public notice mailing and referral to other departments and agencies was mailed

on June 7, with a deadline for comments on June 18. A notice of decision will likely be issued during the week of June 25.

- VR-2024-005: A Type II application for a fence variance at 2122 SE Sparrow St. The applicant is requesting to establish a 6 ft tall fence in a required front yard on an undeveloped flag lot. This exceeds the maximum fence height of 42 in in a front yard. The required public notice mailing and referral to other departments and agencies is scheduled to be mailed on June 18.

¹ Only land use applications requiring public notice are listed.

BUILDING

Permit data for	June	FY to Date:
New single-family houses:	0	10
New ADU's	0	5
New Solar	6	72
Res. additions/alterations	8	69
Commercial new	0	3
Commercial Alterations	6	81
Demo's	1	5

Total Number of Permits issued: 1479
(includes fire, electrical, mechanical, plumbing, and other structural)

Total Number of Inspections: 3956

Total Number of active permits: 1050

ENGINEERING

Capital Improvement Projects (CIP):

CIP 2018-A13 Washington Street Area Improvements

Summary: This project combines elements of the SAFE, SSMP, Water, Stormwater, and Wastewater programs. SAFE improvements include upgrading and adding ADA compliant facilities along 27th Ave, Washington St, and Edison St. Street Surface Maintenance Program improvements are planned for Washington Street, 27th Avenue, and Edison Street. The Spring Creek culvert under Washington Street at 27th Avenue will be removed, and a new structure added. The water system along Washington Street will be upsized from a 6" mainline to an 8" mainline. The stormwater system along Washington Street will be upsized from 18" to 24" storm lines. The project is being designed by AKS Engineering and Forestry.

Update: Construction has started as of March 2024. Currently, storm pipework has been replaced within Washington and Madison Street. Culvert investigation has been done to determine the level of repair needed. Concrete work to begin soon.

CIP 2016-Y11 Meek Street Storm Improvements

Summary: Project was identified in the 2014 Stormwater Master Plan to reduce flooding within this water basin. The project was split into a South Phase and a North Phase due to complications in working with UPRR.

Update: Contractor has completed installation of the pipeline between the Murphy Site and the Balfour Pond. The forebay and southern cell of the Balfour Pond have been excavated, and rock buttress installed. The City is coordinating with Union Pacific to construct a portion of the project in UPRR ROW between Kelvin and Roswell. The contractor is working with UPRR to gain UPRR approval for its shoring plans within UPRR ROW. Extended coordination has been required for this effort, delaying the work within the UPRR ROW. Once the coordination is complete, construction is anticipated to proceed from late July through August of 2024.

CIP 2022-W56 Harvey Street Improvements

Summary: The project includes water improvements and stormwater improvements on Harvey Street from 32nd Avenue to the east end, on 42nd Avenue from Harvey Street to Johnson Creek Boulevard, 33rd Avenue north of Harvey Street, 36th Avenue north of Harvey Street, Sherry Street west of 36th Avenue, 41st Street north of Wake Court, and Wake Court. Sanitary sewer work will be done on 40th Avenue between Harvey Street to Drake Street. The project also includes the installation of an ADA compliant sidewalk on Harvey Street from 32nd Avenue to 42nd Avenue and 42nd Avenue from Harvey Street to Howe Street. Roadway paving will be done throughout the project area.

Update: Century West Engineering was contracted for the design in July 2023. The project is currently at 90% design. The Public Works department has reviewed the 60% design and submitted comments to Century West Engineering. Another open house will be scheduled after completion of design.

CIP 2021-W61 Ardenwald North Improvements

Summary: Project includes street repair on Van Water Street, Roswell Street, Sherrett Street, 28th Avenue, 28th Place, 29th Avenue, 30th Avenue, and 31st Avenue with a shared street design for bicycles, pedestrians, and vehicles. The sidewalk will be replaced on the north side of Roswell Street between 31st and 32nd Avenue. Stormwater catch basins in the project boundary will be

upgraded, the water system will be upsized on 29th Avenue, 30th Avenue, 31st Avenue, and Roswell Street, and there will be wastewater improvements on 28th Avenue, 29th Avenue, and 31st Avenue to address multiple bellies and root intrusion to reduce debris buildup.

Update: Work is progressing on 100% design. Staff anticipates bidding the project this winter.

CIP 2022-A15 King Road Improvements

Summary: King Road (43rd Avenue to city limits near Linwood Avenue) SAFE/SSMP Improvements will replace existing sidewalk and bike lane with a multi-use path, improve stormwater system, replace water pipe, and reconstruct roadway surface.

Update: Additional storm improvement scope was added to the project. Existing condition investigations have been conducted. A meeting is scheduled to discuss design options.

Waverly Heights Sewer Reconfiguration

Summary: Waverly Heights Wastewater project was identified in the 2010 Wastewater System Master Plan. The project may replace approximately 2,500 feet of existing clay and concrete pipe.

Update: Authorization for the design contract with Stantec was approved by the Council on August 1, 2023. An engineering services agreement was executed with Stantec on Sept. 19, and the design effort was kicked off in early October of 2023. A flow monitoring program was initiated in October, and will continue through the wet season, concurrent with design. A public engagement plan was prepared in Fall of 2023, and a first set of informational material was mailed out to neighbors in the area in November, along with permit of entry forms. Stantec commenced with early site investigations in December of 2023, completed 30 percent design in January 2024, and is proceeding with the 60 percent design. In March of 2024, the design team met with select residents on properties that may be more impacted from the project (i.e. properties that might require spot repairs or open trenching). A public open house was held on May 9th, 2024, at City Hall.

Monroe Street Greenway

Summary: The Monroe Street Greenway will create a nearly four-mile, continuous, low-stress bikeway from downtown Milwaukie to the I-205 multi-use path. Once complete, it will serve as the spine of Milwaukie's active transportation network connecting users to the Max Orange Line, Max Green Line, Trolley Trail, 17th Avenue Bike Path, I-205 path, neighborhoods, schools, and parks. Funding grants through ODOT and Metro will allow the city to complete our 2.2-mile section of the Monroe Greenway from the Trolley Trail to Linwood Ave.

Segment Update:

East Monroe Greenway (37th to Linwood): Staff have come to an agreement with ODOT and contracted CONSOR for the design. A Kick-off meeting has occurred, and the site is being surveyed. An Open-House was hosted on February 29th for all of the Monroe Greenway, ODOT's Highway-224 project, the City's TSP, and Kellogg Creek Restoration and Community Enhancement Project. The City received a lot of positive feedback for moving forward with the project and requests for speed mitigation and intersection controls.

Monroe Street & 37th Avenue (34th to 37th): This segment is complete. It was constructed as part of the private development of the 7 Acres Apartments.

Western Monroe Greenway (Downtown to 34th): The city has come to an agreement with ODOT on an IGA that will transfer \$1.55 M in STIP funding to the city to construct this segment of the Monroe Street Greenway. The City has signed the IGA and is awaiting an ODOT signed copy. City staff has also contracted with 3J Consulting to negotiate work at the railroad crossings. The city will also contract a survey team to aid 3J.

Monroe Street & Highway-224 Intersection: This project has now been combined with a larger project which will mill and overlay Highway-224 from 17th Avenue to Rusk Road. The city will design and replace the underlying water main by October 2024 and ODOT will proceed to construction in the Fiscal Year 2026. An Open-House was hosted on February 29th for all of the Monroe Greenway, ODOT's Highway-224 project, the City's TSP, and Kellogg Creek Restoration and Community Enhancement Project. The City received concerns regarding the development of Highway-224 and Monroe Greenway pushing traffic from Monroe Street onto Penzance Street.

Kellogg Creek Restoration and Community Enhancement Project

Summary: Project to remove the Kellogg Creek dam, replace the McLoughlin Blvd. bridge, improve fish passage, and restore the wetland and riparian area. City of Milwaukie staff are part of the project Leadership Team, Core Technical Team, and the Technical Advisory Committee. The Leadership Team and Core Technical Team both meet monthly. In addition to city staff, these groups include staff from North Clackamas Watershed Council (NCWC), Oregon Department of Transportation (ODOT), and American Rivers. The Technical Advisory Committee (TAC) for the Kellogg Creek Restoration & Community Enhancement Project involves all collaborative partners that include the Confederated Tribes of the Warm Springs Indian Reservation of Oregon, the Confederated Tribes of Grand Ronde, Clackamas Water Environment Services, Metro, North Clackamas Parks and Recreation District, Oregon Department of Environmental Quality, Oregon Department of Fish and Wildlife, Oregon Division of State Lands, the Native Fish Society, and the Natural Resources Office of Governor.

Update: The project team submitted a Joint Permit Application (JPA) for sediment sampling activities, which was under review during March by the Oregon Dept of State Lands, US Army Corps of Engineers, and Oregon Dept of Environmental Quality. This work is critical as the results of the sampling effort are necessary to inform the overall Kellogg Project permit pathway and advance Project design beyond the conceptual level.

Traffic / Parking Projects, Issues

None.

Right-Of-Way (ROW) Permits (includes tree, use, construction, encroachment)

Downtown Trees and Sidewalks

Update: Staff have a contract with AKS; working on what type of design works best now and in the future with both the trees and sidewalks & curbs.

Private Development – Public Improvement Projects (PIPS)

1600 Lava

Update: This development on Lava drive will add a new 13-unit multi-family building. Public improvements for this project include a new sidewalk, an ADA ramp, and minor street widening. Building permits have been issued and on-site construction has begun. Public improvement site plans are currently under review.

Hillside

Update: Hillside currently has issued permits for the first building and public improvements to be constructed under phase I. The remaining two buildings and public improvements to be constructed during this phase are still under review. City staff is meeting with the developer on a weekly basis to ensure the project moves smoothly. Public improvements for this development include new roadway alignment, new sidewalk, ADA ramps, and new asphalt paving. Work has started on the first building and associated public improvements.

Seven Acres Apartments (formerly Monroe Apartments) – 234 units

Update: Seven Acres has completed construction and is currently occupied. Public improvements for this development included a new bike path and sidewalk from Oak Street and Monroe Street to 37th Avenue and Washington Street. Public improvements are currently under warranty and will receive a final inspection after a one-year period before shifting over to the City for ownership.

Henley Place (Kellogg Bowl redevelopment)- 175 units

Update: All street work has been completed; construction is in the final stages of the punch-list and cleanup phase.

Elk Rock Estates – 5 lot subdivision at 19th Ave & Sparrow St.

Update: All public improvements have been completed; the project is in the punch-list and cleanup phase. The land use entitlements have recently expired, so they will need to go back through the process to build units.

Shah & Tripp Estates – 8-lot subdivision at Harrison Street and Home Ave.

Update: Design plans have been approved. Waiting for developer to schedule a pre-construction meeting.

Jackson / 52nd – 5-unit development.

Update: Project is actively under construction. Public improvements such as the sewer main extension have been installed, however staff are waiting on developer to schedule testing. The remainder of the improvements will take place after the townhouses are constructed. Staff and developer have agreed on a development agreement to have the developer pave Jackson Street from Home to 52nd Ave. and be reimbursed for areas outside of their responsibility. All work is expected to be completed by August.

Walnut Estates

Update: Walnut estates has completed the majority of their construction and is currently in the final punch-list and cleanup phase. Public improvements for this development include new sidewalk, storm water facilities, and a new asphalt roadway. Once the final work is completed, this development will enter the one-year warranty period.

Bonaventure Senior Living – 170-units

Update: ROW permit has been issued and public improvements are currently under construction.

Document Administration

Master Plans

Summary: WSC is preparing the Stormwater System Plan.

COUNCIL STAFF REPORT

To: Mayor and City Council
Emma Sagor, Acting City Manager

Date Written: July 10, 2024

Reviewed: Matthew Deeds, Assistant Finance Director

From: Michael Osborne, Finance Director

Subject: **Presentation of Proposed Solid Waste Rates for Fiscal Year (FY) 2025**

ACTION REQUESTED

Council is asked to review and discuss proposed solid waste rates for FY 2025 and provide direction to staff for preparing an update to this section of the city's consolidated fee schedule. Council is also asked to discuss and provide direction to staff on next steps related to solid waste franchise agreements.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[May 2022](#): Council approved rate increases for known and measurable costs incurred by waste haulers, including the Metro TIP fee increase of 7.3% that accounted for 61% of the overall increases. Rates for residential services increased between 1.6% to 4.4%. Rates for commercial services increased between 1.2% to 3%. Rates for drop boxes increased between 2.1% to 3.1%.

June 2023: Solid waste haulers conducted curbside bulky waste events over two Saturdays in the city.

[July 2023](#): Council approved rate increases for residential collection rates by an average of 4.2% - an increase of \$1.50 per month. Commercial collection rates were increased by an average of 3.7% - an increase of \$1.26 per collected yard. The rate increases were due to Metro's TIP fee of \$14.21 per ton increase for waste disposal and the new union agreement between WM and the Teamsters union.

June 2024: Solid waste haulers conducted curbside bulky waste events over two Saturdays in the city.

ANALYSIS**FY25 rate adjustments**

The city has contracted with Chris Bell of Bell & Associates (Bell) for the past five years. Bell works with Clackamas County along with several other local cities to analyze solid waste rates and provide a recommendation of acceptable rate increases. The city currently has franchise agreements with three haulers: Waste Management (WM), Kahut Waste Services (Kahut) and Clackamas Garbage. The first two haulers serve most of the customers in the city, >95%.

Based on the financial data submitted by WM and Kahut for calendar year 2023, Bell has proposed the following increases in city solid waste rates.

- Residential: Proposed residential services rate increases range from 5.4% to 6.2% depending on the size of the cart. 57% of Milwaukie residents have a 35-gallon cart and would expect a 5.8% increase or a \$2.23 monthly increase.
- Commercial: Proposed commercial services rate increases range from 5.1% to 6.0% depending on the yard size.
- Drop boxes: Proposed drop box rate increases including a \$7 hauling fee increase, a \$5 delivery fee increase, and a \$.30 mileage fee increase.

These fee increases are due to several economic factors. The two biggest factors are the Metro TIP fees and union labor increases. On July 1, 2024, Metro TIP fees increased from \$16.39 to \$154.65, a 11.94% increase. These Metro TIP fees, the cost to haulers to dispose of solid waste at Metro transfer stations, have increased 57% over the past four years. The rate charged by Metro for organic waste disposal increased 8%. Union driver wages increased 3.13% from the previous year.

Future of solid waste franchise agreements

In addition to the proposal for FY 2025 solid waste rates, staff want to make Council aware that the [solid waste franchise agreements for the three franchisees](#) listed above expire in March 2025. Staff are seeking Council direction on how to proceed with the upcoming franchise expiration. We have identified three possible paths forward:

- 1) Extend the current franchise agreements for 1 year as is, with no changes.
- 2) Extend the current franchise agreements for 1 year but negotiate changes to terms based on Council feedback and priorities.
- 3) Publish a request for proposals (RFP) for new franchise agreements and seek new proposals from solid waste haulers.

We look forward to having a discussion with Council about their perspective on these three options.

BUDGET IMPACT

The city will continue to receive franchise fees based on gross revenues from the three haulers. For fiscal year ending June 30, 2023, the city received approximately \$290K in revenues from the three haulers. For fiscal year ending June 30, 2024, we expect \$300K in revenues based on the previous year's rate increase.

CLIMATE IMPACT

The proposed changes should have a positive impact as rate increases may encourage customers to reduce the amount of materials they dispose of and increase reuse, supporting the city's materials management goals within the climate action plan.

EQUITY IMPACT

Any increase in rates does have a disproportionate impact on residents living on low or fixed incomes. The city recognizes this impact and can explore through future franchise negotiations and development if there are any ways to mitigate this impact.

WORKLOAD IMPACT

None

COORDINATION, CONCURRENCE, OR DISSENT

City staff and the consultant, Chris Bell, are in concurrence.

STAFF RECOMMENDATION

Staff recommends that solid waste rates be adjusted as shown in Bell & Associates *Solid Waste & Recycling Rate Review Report for 2023*.

ALTERNATIVES

Defer rate adjustment to a later date.

ATTACHMENTS

1. Bell & Associates Annual Report for 2023



Solid Waste & Recycling Rate Review Report for 2023



| JUNE 2024

City of Milwaukie 2023 Solid Waste Rate Review

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Background

Table 1: Milwaukie Solid Waste Franchise

Annual Cost Report

Table 2: 2023 Adjusted Milwaukie Results

Projected Cost of Service in 2023

Table 3: Projected 2023 Composite Revenues and Expenses

Proposed Rates

Table 4: Proposed Residential Collection Rates

Table 5: Proposed Rates for Commercial Container Waste and Recycling Service



Background

The collection and recycling of waste within the City of Milwaukie (City) is accomplished under exclusive franchise agreements between Waste Management (WM), Kahut Waste Services (Kahut), Clackamas Garbage¹, and the City. Table 1 summarizes the reported customer counts for each collection company.

Table 1: Milwaukie Solid Waste Franchise

Collection Company	Cart Customers	Commercial Customers	Drop Box Hauls
Waste Management	4,637	369	3,373
Kahut Waste	1,508	20	184
Milwaukie Total	6,145	389	3,557

As the regulator of waste and recycling, the City Council is responsible for establishing collection rates for all waste and recycling collection services.

Annual Cost Report

The annual cost report provides line-item costs and revenues associated with providing service within the City and combined line-item totals for their non-Milwaukie operations. In addition, the format provides the capacity to calculate the cost of service for each line of business (cart, container, and drop box). Cart collection is primarily offered to residential customers, whereas business customers are serviced with a container.

In August 2023, the City increased residential collection rates by an average of 4.2% - most residential customers have a 35 gallon cart and incurred an increase of \$1.50 per month. Commercial collection rates were increased by \$1.26 per collected yard, an average increase of 3.7% over the previous rates. The rate increase was due to Metro's \$14.21 per ton increase for waste disposal and the new union agreement between WM and the Teamsters.

In March 2024, both franchised companies submitted the annual detailed cost report to the City for the calendar year 2023. Reported results were analyzed, and the following tasks were completed:

- Analyze reported route collection hours to the reported customer counts for each line of business.
- Using a predictive test of revenue for each line of business, ensure the reported revenues are reasonable for the number of reported customers.
- By thoroughly reviewing the reported direct cost line items, determine if the expense is reasonable in relation to the customer and operational data entered from the detailed cost report.
- Utilize a predictive test of disposal to determine if the reported disposal expense is reasonable.

¹ Clackamas Garbage did not submit a report to Milwaukie and its costs were not considered in the composite. Clackamas Garbage has only 11 customers and total Milwaukie revenues less than \$25,000.

- e. Using the reported administrative line items, determine if the expense is reasonable in relation to the operational data entered from the detailed cost report and comparable to prior report submissions.
- f. Review the costs between the City and the franchised hauler's other collection operations to determine if the allocations are reasonable.

Adjustments were made to the reports of both companies. Table 2 details the return for each collection service provided within the Milwaukie franchise collection system.

Table 2: 2023 Adjusted Milwaukie Results

	Roll Cart	Container	Drop Box	Total
Revenues	\$3,129,723	\$2,005,866	\$1,532,684	\$6,668,273
Direct Costs of Operations	\$2,425,359	\$1,673,765	\$1,488,533	\$5,587,657
Indirect Costs of Operations	\$502,109	\$275,727	\$75,042	\$852,878
Total Costs for Rates	\$2,927,468	\$1,949,492	\$1,563,575	\$6,440,535
Franchise Income (Revenue – Total Costs)	\$202,255	\$56,374	\$(30,891)	\$227,738
Return on Revenue (Income / Revenue)	6.5%	2.8%	-2.0%	3.4%

Projected Cost of Service in 2023

Projecting expenses for 2024 is achieved by applying known and measurable costs to the line item expenses and revenues. The factors used in the adjusted composite reports include the following:

- Revenue was increased by 2.5% for residential and 2.1% for commercial service rate increase passed in August 2023.
- A Metro solid waste tip fee increase of \$16.39 to \$154.65 per ton will be effective July 1, 2024. The compounding effect from the previous Metro rate adjustments is an increase of 11.94% for waste disposal expenses in 2024.
- From 2020 to July 2024, the solid waste tip fee has increased by \$55.97 per ton, which is a 57% increase. This change is a 14.2% annualized increase over the last four years. Before 2020, and extending back to 2006, tip fee increases had averaged about 2.5% per year. Inflation averaged 1.7 – 1.8% from 2006 – 2020.
- The rate charged by Metro for organic waste disposal increased by 8.0%.
- Union driver wages increased by 3.13% from the previous year.

Table 3 on the following page summarizes the projected expenses for 2024.

Table 3: Projected 2023 Composite Revenues and Expenses

Description	2023 Adjusted	\$ ▲	2024 Projected
Revenue	\$6,668,273	\$237,253	\$6,905,526
Disposal Expense	\$2,271,102	\$234,590	\$2,505,692
Labor Expense	\$1,761,833	\$44,809	\$1,806,642
Truck Expense	\$728,202	\$-	\$728,202
Equipment Expense	\$411,663	\$-	\$411,663
Franchise Fees	\$295,919	\$-	\$295,919
Other Direct Expense	\$118,938	\$-	\$118,938
Management & Admin	\$852,878	\$1,893	\$854,771
Total Expense	\$6,440,535	\$281,292	\$6,721,827
Income (Revenue - Total Expense)	\$227,738		\$183,699

Proposed Rates

The projected composite results are outside the 8 to 12% range for the allowable return on revenues; therefore, the City Council needs to address the shortfall. The expected increase for service incorporates the July 2024 disposal increase plus known and measurable costs to include labor, organic disposal, and the anticipated increase for replacing residential collection trucks into the proposed cart collection rate. Table 4 combines these costs and calculates the proposed rate increase for Milwaukie's three primary cart sizes.

Table 4: Proposed Residential Collection Rates

Level of Service	Current Rate	Disposal Fee	Organics	Labor	Trucks	Recycling	Total	Proposed Rate
20 gal	\$32.95	\$0.53	\$0.24	\$0.25	\$0.10	\$0.65	\$1.77	\$34.72
35 gal	\$38.20	\$0.99	\$0.24	\$0.25	\$0.10	\$0.65	\$2.23	\$40.43
60 gal	\$49.80	\$1.68	\$0.24	\$0.25	\$0.10	\$0.65	\$2.92	\$52.72
90 gal	\$59.00	\$2.44	\$0.24	\$0.25	\$0.10	\$0.65	\$3.68	\$62.68

Most Milwaukie residential customers (57% or 3,433) have a 35 gallon cart service. The rate increase proposed for these customers is 5.8% over the current rate.

Commercial Container Waste Service

The proposed rates for commercial container service are the additional cost of waste disposal and labor. Table 5 details the calculation of the proposed rate increase for container waste and recycling services for three levels of service provided in Milwaukee.

Table 5: Proposed Rates for Commercial Container Waste and Recycling Service

Service	2 yard weekly	4 yard weekly	6 yard weekly
Current Container Rate	\$202.83	\$361.79	\$511.19
Metro Increase per Yard	\$0.90	\$0.90	\$0.90
Labor Increase per Yard	\$0.11	\$0.11	\$0.11
Margin & Franchise Fee	\$0.18	\$0.18	\$0.18
Total Cost per Yard	\$1.19	\$1.19	\$1.19
Monthly Yards	8.66	17.32	25.98
Rate Increase	\$10.31	\$20.61	\$30.92
Proposed Increase	\$213.14	\$382.40	\$542.11
% ▲	5.1%	5.7%	6.0%

Drop Box / Roll Off Compactor

The proposed rates for drop box / roll off compactor are the increased costs to include labor and truck costs. The increased fees are assessed based on the haul and delivery fees. Table 6 details the proposed increased service rates for these services.

Level of Service	Current Rate	Rate Increase	Proposed Rate
20 Yard Drop Box Haul Fee	\$170.00	\$7.00	\$177.00
30 Yard Drop Box Haul Fee	\$180.00	\$7.00	\$187.00
40 Yard Drop Box Haul Fee	\$190.00	\$7.00	\$197.00
25-34 Yard Compactor Haul Fee	\$209.00	\$7.00	\$216.00
34+ Yard Compactor Haul Fee	\$238.00	\$7.00	\$245.00
Delivery Fee	\$40.00	\$5.00	\$45.00
Mileage Fee	\$4.70	\$0.30	\$5.00

City of Milwaukie Review of Franchised Waste and Recycling Collection Rates

**Presented by Chris Bell
Bell & Associates, Inc.**

July 2024

Milwaukie Collection Franchisees

Waste Management

Kahut Waste (Waste Connections)

Clackamas Garbage

2023 Customer Count

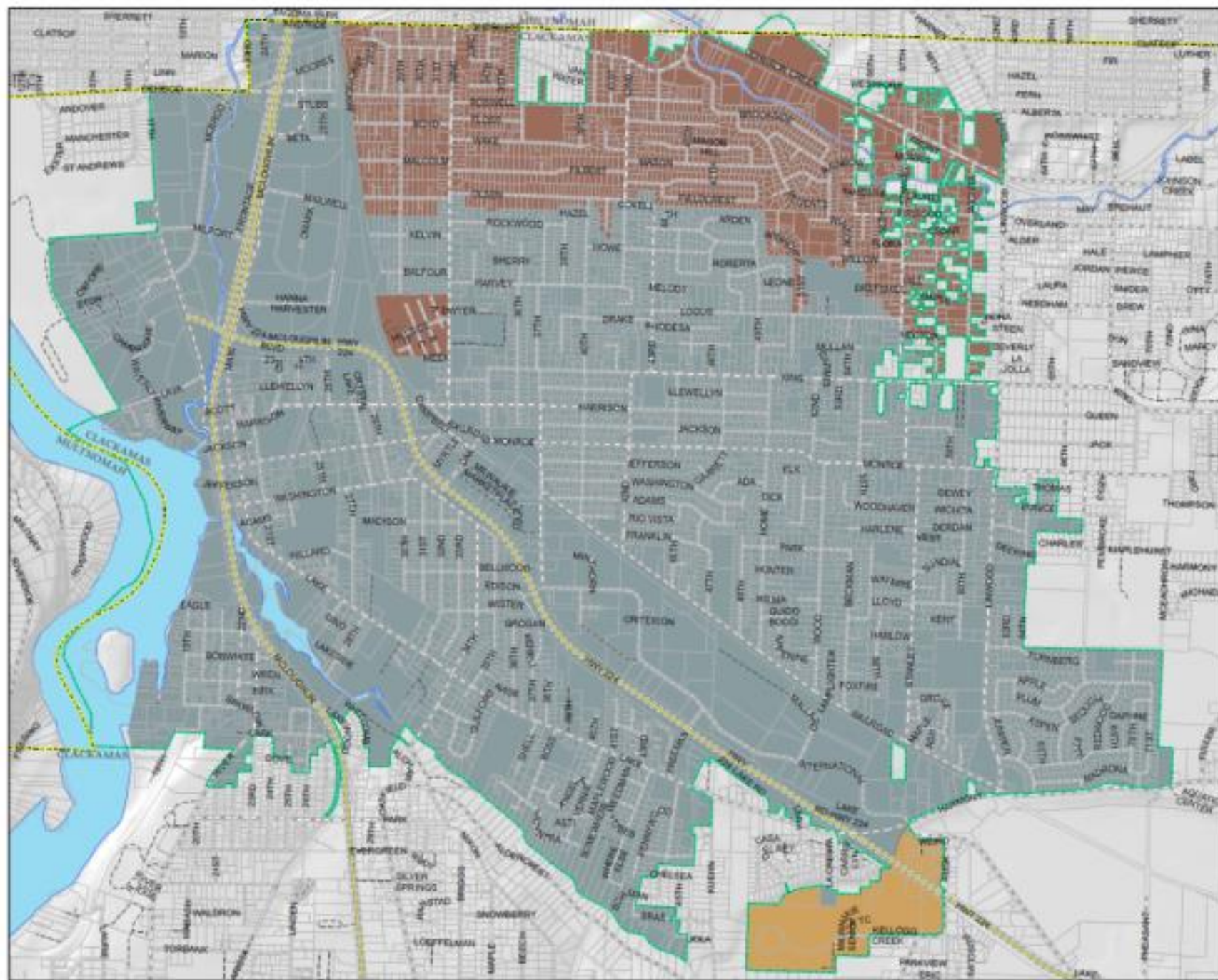
Res/Com Roll Cart: 6,145

Com/MF Container: 389

Drop Box / Compactor Hauls: 3,557



Franchised Hauler Territories



Projected Increases in Collection Costs

- Union Driver Labor of 3.13%
- Metro Waste Disposal Fee of 11.94%
- Metro Organic Disposal Fee of 8.0%
- Recycling Processing Increased by 24% from the previous year



Metro's Impact on Collection Rates in Milwaukie

- Metro's disposal fee has increased by 57% since 2020
- Metro leadership hasn't developed a plan to address the escalating costs
- Increases for 2025 and 2026 are estimated at 10% based on Metro's past performance

Year	Metro Disposal Rate	Customer Cost 35 gal cart	Customer Cost 4 yd. container
2020	\$ 98.35	\$ 6.01	\$ 110.22
2021	\$ 115.15	\$ 7.04	\$ 129.05
2022	\$ 123.29	\$ 7.54	\$ 138.17
2023	\$ 138.26	\$ 8.45	\$ 154.95
2024	\$ 154.71	\$ 9.46	\$ 173.38
2025 est.	\$ 170.18	\$ 10.40	\$ 190.72
2026 est.	\$ 187.20	\$ 11.44	\$ 209.80

Customer impact includes margin and franchise fee

Proposed Residential Collection Rates

The expected increase for service incorporates the July 2024 disposal increase plus known and measurable costs to include labor, organic disposal, and the anticipated increase for replacing residential collection trucks into the proposed cart collection rate.

Level of Service	Current Rate	Disposal Fee	Organics	Labor	Trucks	Recycling	Total	Proposed Rate	% ▲
20 gal	\$32.95	\$0.53	\$0.24	\$0.25	\$0.10	\$0.65	\$1.77	\$34.72	5.4%
35 gal	\$38.20	\$0.99	\$0.24	\$0.25	\$0.10	\$0.65	\$2.23	\$40.43	5.8%
60 gal	\$49.80	\$1.68	\$0.24	\$0.25	\$0.10	\$0.65	\$2.92	\$52.72	5.9%
90 gal	\$59.00	\$2.44	\$0.24	\$0.25	\$0.10	\$0.65	\$3.68	\$62.68	6.2%

Proposed Container Collection Rates

The proposed rates for commercial container service are the additional cost of waste disposal and labor.

	2 yard weekly	4 yard weekly	6 yard weekly
Current Container Rate	\$202.83	\$361.79	\$511.19
Metro Increase per Yard	\$0.90	\$0.90	\$0.90
Labor Increase per Yard	\$0.11	\$0.11	\$0.11
Margin & Franchise Fee	\$0.18	\$0.18	\$0.18
Total Cost per Yard	\$1.19	\$1.19	\$1.19
Monthly Yards	8.66	17.32	25.98
Rate Increase	\$10.31	\$20.61	\$30.92
Proposed Container Rate	\$213.14	\$382.40	\$542.11
% ▲	5.1%	5.7%	6.0%

Proposed Drop Box / Roll Off Compactor Rates

The proposed rates for drop box / roll off compactor are the increased costs to include labor and truck costs. The increased fees are assessed based on the haul and delivery fees.

Level of Service	Current Rate	Rate Increase	Proposed Rate
20 Yard Drop Box Haul Fee	\$170.00	\$7.00	\$177.00
30 Yard Drop Box Haul Fee	\$180.00	\$7.00	\$187.00
40 Yard Drop Box Haul Fee	\$190.00	\$7.00	\$197.00
25-34 Yard Compactor Haul Fee	\$209.00	\$7.00	\$216.00
34+ Yard Compactor Haul Fee	\$238.00	\$7.00	\$245.00
Delivery Fee	\$40.00	\$5.00	\$45.00
Mileage Fee	\$4.70	\$0.30	\$5.00

Construction & Demolition (C&D) Waste Fees

Drop Box Haul Weight	2.5	tons per haul			
Facility	RR	Tip Fee	Trans Fee	Total Cost	\$ per Ton
Metro South	4.1%	\$ 153.67	\$ 7.50	\$ 391.68	\$ 156.67
Metro Central	8.2%	\$ 153.67	\$ 7.50	\$ 391.68	\$ 156.67
WRI	14.9%	\$ 153.67	\$ 6.75	\$ 390.93	\$ 156.37
KB Recycling	0.9%	\$ 153.67	\$ 7.50	\$ 391.68	\$ 156.67
Greenway	43.2%	\$ 153.67	\$ 7.50	\$ 391.68	\$ 156.67

Other considerations:

- Distance to facility
- Methodology of calculating recovery rates
- Acceptance of materials

- Based on an average drop box weight of 2.5 tons.
- RR is the recovery rate as reported by Metro
- Tip fee is the amount charged per ton for waste disposal
- Trans Fee is the transaction fee charged to drive across the scale
- The total cost is the tip fee x 2.5 plus the trans fee
- \$ per ton is the total cost / 2.5 tons

Next steps

Rates for this fiscal year

- Discussion and direction tonight
- Anticipated Council vote to amend fee schedule: **August 6**
- Fees in place: **September 1**

Future of franchise agreements

- Current agreements due to expire March 2025
- Potential paths forward:
 1. Extend the current franchise agreements for 1 year as is, with no changes.
 2. Extend the current franchise agreements for 1 year but negotiate changes to terms based on Council feedback and priorities.
 3. Publish a request for proposals (RFP) for new franchise agreements and seek new proposals from solid waste haulers.

Questions

