

CITY OF MILWAUKIE TAX INCREMENT FINANCE DISTRICT



5-YEAR ACTION PLAN

(2023-2027)

Add adoption date.

Drafted by Kelly Brooks, Milwaukie Redevelopment Commission Executive Director



CITY OF MILWAUKIE

ACKNOWLEDGEMENTS

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INTRODUCTION

The Milwaukie Redevelopment Commission (MRC) is the urban renewal agency for the City of Milwaukie. The MRC was established in 1987 through council adoption of Ordinance 1623. In 2015, Milwaukie City Council directed staff to prepare an urban renewal plan, which was adopted in August 2016. The terms urban renewal area (URA) and tax increment financing (TIF) district are used interchangeably throughout this document. In the 1950s and 1960s, large parcels of land in cities across the country were cleared to make space for expanded business districts and university campuses. In the process, low-income and minority residents were disproportionately impacted by the destruction of existing neighborhoods. Wherever possible, the city uses TIF rather than URA due to the racist origins of the federal program and history of implementation in Oregon.

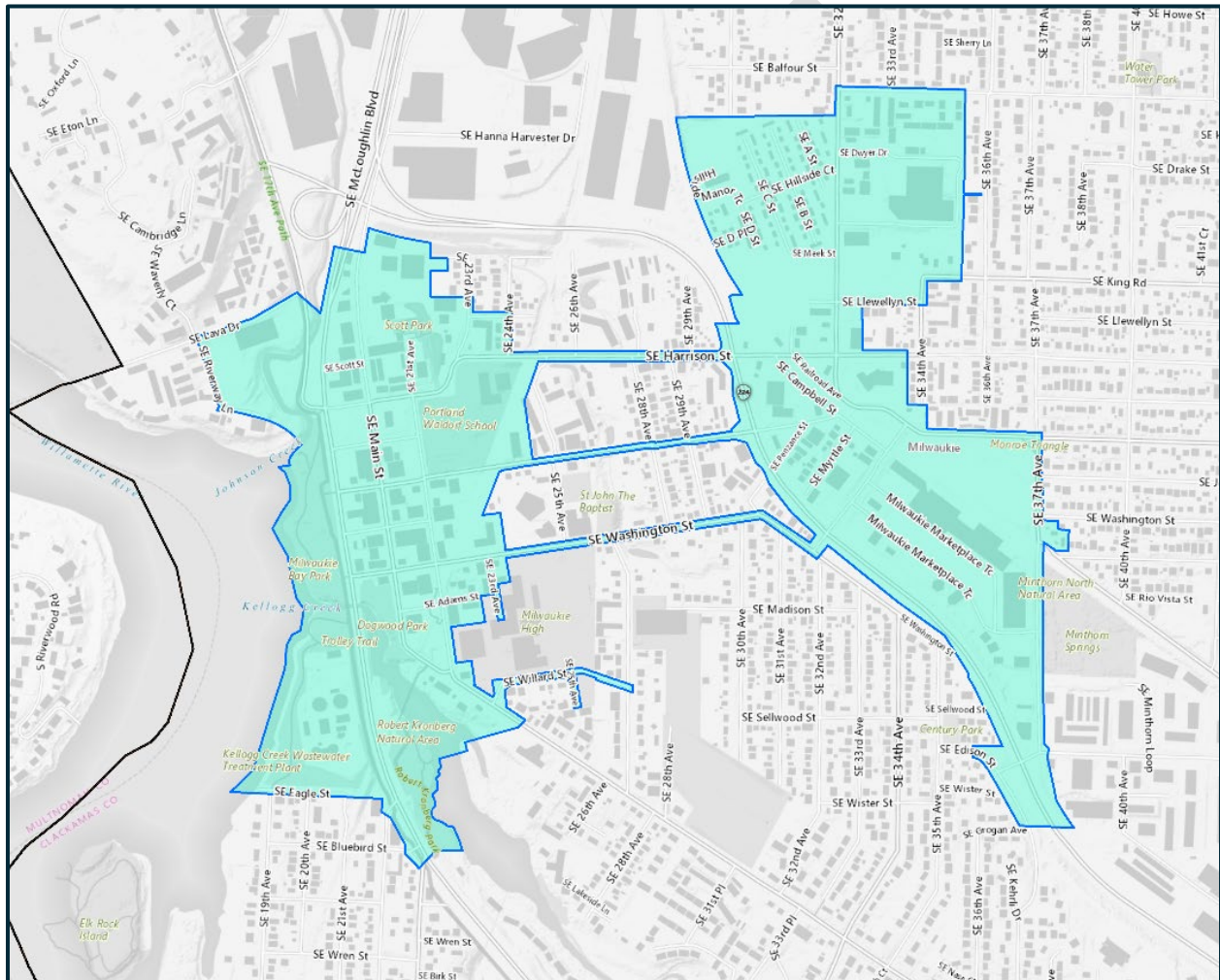
The 2016 plan established the boundary of the zone, a maximum indebtedness of \$92.5 million, and estimated a 29-year implementation timeframe. The adopted plan was informed by the Moving Forward Milwaukie plan (2015), Central Milwaukie Land Use and Transportation plan (2015), Milwaukie Downtown and Riverfront Land Use Plan (2015) and Transportation System Plan (2013). It also established goals, objectives, and a robust list of eligible projects and programs for the district.

By late 2020, sufficient tax increment had accrued to justify development of a 5-year investment strategy for the district. Furthermore, multiple city-wide plans, such as the Community Vision and Action Plan (2017) and Comprehensive Plan (2020), supplied further direction on where investments should be focused. Therefore, the MRC authorized the development of a more focused, near-term investment strategy to ensure that investments align with community needs.

The 5-year action plan begins to fulfill the goals and objectives of the Milwaukie urban renewal area by focusing on investments that reflect the highest priorities of our community, maximize TIF dollars and can be completed within five years. The priorities were shaped by input from the MRC, MRCAC, the community at-large and Neighborhood District Associations. Extensive ongoing engagement will be needed throughout the implementation phase to inform grant program administration and criteria.

DISTRICT BOUNDARIES

The Milwaukie TIF district spans both sides of OR Highway 224 to include both downtown and central Milwaukie, the city's two primary commercial areas. Milwaukie Bay Park, Scott Park, Kronberg Park / Kellogg Lake, McLoughlin Boulevard and Oregon Highway 224 all fall within the district.

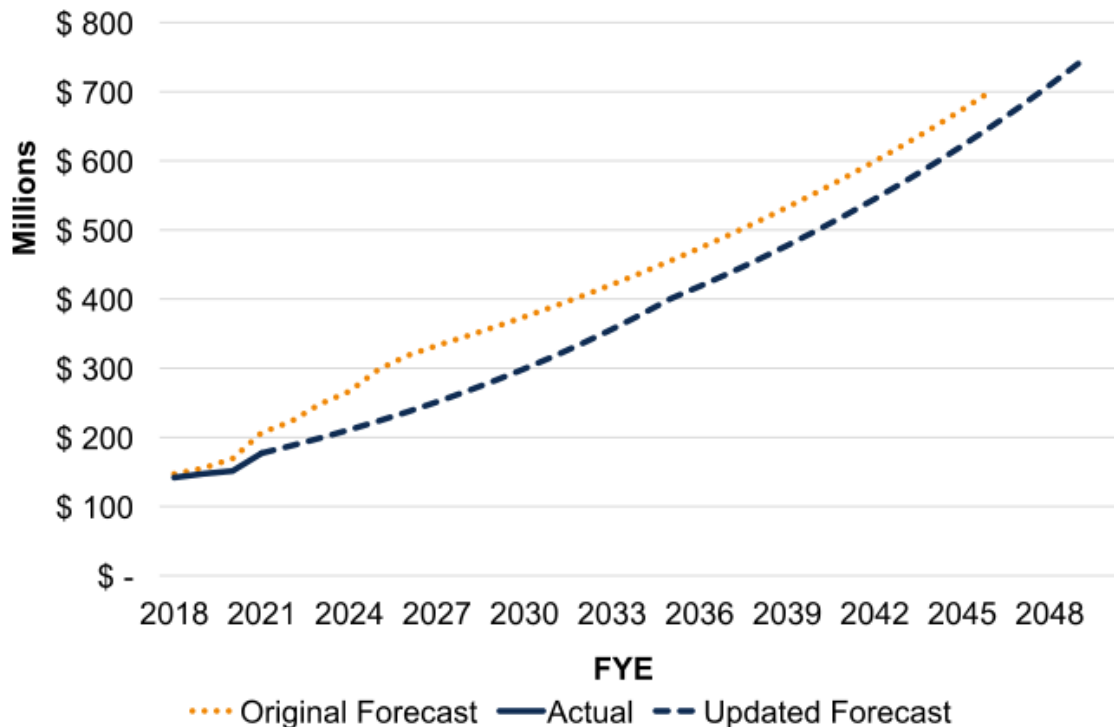


- Milwaukie City Limits
- Milwaukie Urban Renewal Area

2022 FINANCIAL FORECAST

The city contracted Tiberius Solutions to provide updated financial projections. The analysis found the district is projected to have robust growth, but not as strong as the 2016 forecast. The analysis did confirm, however, that the annual TIF is increasing rapidly, and is sufficient to incur debt. Therefore, the city is well positioned to invest up to \$10 million in projects between 2023-2028. Actual borrowing capacity will depend heavily on specific loan terms for new debt. Financing assumptions used for the forecast were 5% interest, 20-year loan duration and 1.5x desired debt service coverage ratio.

The chart below illustrates the difference between the 2016 and 2021 financial forecast. A total net TIF revenue of \$108.8 is projected for the fiscal year ending (FYE) 2049 versus \$116.3.



PLAN DEVELOPMENT & COMMUNITY ENGAGEMENT

MRCCAC

The MRC appointed a 9-member advisory committee to establish investment priorities for the city's tax increment financing (TIF) zone through the creation of a 5-year action plan. While the standing committee will exist beyond the adoption of the 5-year action plan, it will reengage on a quarterly basis after adoption of the FY 23/24 budget process to provide input and receive updates on plan implementation.

The bylaws of the MRC outline the following details for the CAC:

- Appointed by the commission
- Purpose is to advise the commission in decisions regarding plan implementation
- Shall adopt its own bylaws which shall be approved by the commission
- Not more than nine voting members and two non-voting ex-officio members
- Up to 3-year terms
- Two term limits, except for initial members
- Commission shall strive to appoint voting members who represent the following categories:

Property owners or business owners form within the URA	Persons with extensive knowledge of real estate, development, or land planning	Persons with extensive knowledge of public services, utilities, or infrastructure
Residents from within the URA	Persons with extensive knowledge of affordable housing development or programs	A member of the Milwaukie Redevelopment Commission (a City Councilor) - this person is the chair
Persons with extensive knowledge of finance, accounting, or economics	2 Ex-Officio members: representing special service districts - Fire District #1, NCPRD	

In accordance with the MRC bylaws, the CAC is chaired by Commissioner Kathy Hyzy and includes representation from downtown businesses, residents within the TIF district, social

service advocates and experts within the field of planning. The committee also includes an ex-officio member from North Clackamas Parks and Recreation District and Clackamas Fire District.

Plan Development

The MRCCAC met six times in 2021. The first meeting covered the basics of tax increment financing, with a focus on the racist history of the tool. Next, the group familiarized itself with the goals, objectives and underlying assumptions of Milwaukie's 2016 adopted plan. The third meeting delved deeper into the types of investment eligible within the zone and a discussion about what criteria should be applied in narrowing or expanding investments within the plan horizon. In accordance with the CAC and MRC's stated desire to apply an equity lens, staff and committee members regularly took inventory of who would be helped and hurt by various investments to grapple with potential implications to historically marginalized communities.

After receiving the updated financial forecast, the committee spent its final three meetings discussing and finalizing a draft investment plan for review by the MRC and the greater public.

Desired outcomes that emerged through deliberations at the CAC included:

- Using TIF to invest in what makes Milwaukie special and contributes to a sense of place.
- Construct improvements that make it safer and more convenient to walk, bike or roll to downtown Milwaukie.
- Help for existing and emerging business, particularly smaller businesses, thrive and increase their presence within the city.
- Activation of Milwaukie's Main Street and the Milwaukie Marketplace but with an emphasis on services are accessible to all income levels.
- Investing in projects that will provide future economic benefit to the city and our partner taxing jurisdictions.

Engage Milwaukie • Survey

The city created a project on its online engagement platform, Engage Milwaukie, to ask for feedback from community members about their priority investments areas, solicit ideas about how best to help businesses within the district and answer questions about the project. Overall, 89 people contributed to a survey or asked a question, 214 people downloaded a document or visited multiple pages and 477 people visited at least one page. Staff used survey results and other engagement to validate or right size various investment prior to adoption of the final plan and the 2023/2023 budget.

The first question asked was "What makes Milwaukie special to you?". In response, the city heard that people enjoy Milwaukie's small town feel and that our community members have a

deep connection to the Willamette River, trees and open space. A collection of some of the responses are shown in Table 1.

Table 1

<i>The small town feeling and proximity to the river, trees, and other vegetation.</i>	<i>Milwaukie is a small town with a depth of history adjacent to a larger urban area and close to beautiful outdoor recreational areas.</i>
<i>Small and community centered. It feels like a smaller town, even so close to Portland.</i>	<i>Milwaukie's downtown feels like an old-timey Main Street. "Small-town feel" still even with the futuristic TriMet gliding by.</i>
<i>The fact that it's very spacious; large plots of land and greenery. It doesn't feel cramped. I also like the community activities (like the umbrella parade) and living in a city that's main street is on the river.</i>	<i>I love the river view, small town feel, walkability, easy access to Portland (both via the MAX and Mcloughlin) and great parks such as Milwaukie Bay. I like living near Downtown on the one hand and beautiful Elk Rock Island on the other! I can walk to MAX</i>
<i>I like the quaint feeling of the downtown. I like that it's close to all Portland has to offer but is a smaller town.</i>	<i>Affordable family neighborhoods</i>
<i>Farmers Market and iconic City Hall building It's connectivity to the river, it's increasingly safe ability to walk and ride a bike everywhere, being a small self-contained city on the edge of a big city.</i>	<i>I like that Milwaukie has a small, walkable downtown. I also like the recent emphasis on bike, walk, and transit commute methods, they all allow for you to feel a part of your community instead of in your own little bubble in your car.</i>

Next, we asked participants to tell us about the type of economic development that you would like to see.

- 81 respondents strongly agreed (58) or somewhat agreed (23) with the statement "I want to help existing businesses stay in Milwaukie."
- 84 respondents strongly agree (72) or somewhat agree (12) with the statement "I'd like to have a vibrant Main St."
- 77 respondents strongly agree (55) or somewhat agree (22) with the statement "I want to help people in Milwaukie start or expand their businesses."

The statement "I would like to see large developments that bring services and amenities currently missing from our community" met with a more mixed reaction.

- 46 respondents strongly agreed (22) or somewhat agreed (24)
- 18 respondents neither agreed nor disagreed
- 21 strongly (12) or somewhat (9) disagreed.

The third and final question asked people to rank programs or investments in the order that would be most helpful to Milwaukie businesses. The final ranking in order of most to least helpful was:

- 1) Secure bike parking
- 2) Updated signage to highlight signature events
- 3) Storefront improvement grant program
- 4) Interior tenant improvement grant program
- 5) Small business loan program for capital and equipment needs.

Many of the questions and comments received through Engage Milwaukie were about the need for another grocery store in town. Coincidentally, the long dormant Milwaukie Marketplace gained a new grocery store tenant while the draft plan was under review. While this exciting development was unrelated to direct TIF expenditures, it generated interest in the survey and provided a timely example of how co-investing in infrastructure can stimulate development.

Neighborhood District Association (NDA) and Business Outreach

During plan development, the Historic Milwaukie Neighborhood District Association began including Downtown Milwaukie Business Association (DMBA) members and leaders in its meetings. The purpose was to provide a forum for DMBA members to engage in city projects while the organization is taking an extended break from regular meetings. As such, staff discussed the 5-year action plan with Historic Milwaukie NDA / DMBA at two meetings. The more in depth of the two occurred on Jan. 10, 2022. While the group was generally supportive of the investments as presented, they had questions and concerns about the absence of a larger overall economic development strategy for downtown.

MRC staff met with NDA leadership from across the city in February 2022 to review the proposed investments and seek input. The group had questions about what criteria would be used to award grants, but was largely supportive of the various investments proposed.

Direct Business Outreach

Most of the input from business came directly from the MRCAC, which included two downtown business representatives and a downtown resident who owns a business located just outside city limits. A more intense period of business outreach will occur after plan adoption to

inform the criteria and award amounts for the business support programs (storefront improvement grants, tenant improvements, small business assistance loan/grants).

INVESTMENTS

The 5-year action plan establishes investment priorities between fiscal year (FY) 2023 and FY 2027. The four investment categories within the plan are:

- 1) Development / Economic Development
- 2) Transportation: Downtown
- 3) Transportation: Central Milwaukie
- 4) Public Amenities: Parks and Open Space

Development • Economic Development

Predevelopment Assistance for Development Opportunities - \$250,000

Predevelopment funds can be used to help with the initial development costs on a site, such as technical assistance, feasibility studies and site planning. Providing this assistance can incentivize investment in a development project.

An active project under development that may receive help from these funds is the redevelopment of Milwaukie's historic city hall at 10722 SE Main St.



Tenant Improvements - \$1,000,000

MRC staff will partner with new or existing business owners to encourage and fund high-quality tenant improvements to the interiors of vacant commercial spaces. The program would help property owners in attracting businesses to locations that are difficult and costly to renovate and incentivize new retail and restaurant businesses to locate within the urban renewal area. A portion of these funds will go specifically towards creating a storefront improvement grant program.



Small Business Development Fund - \$150,000

The goal of this program is to provide funds and/or financing for things such as equipment and machinery, to help small and micro-businesses expand or become established in Milwaukie.

Developer Assistance - \$1,500,000

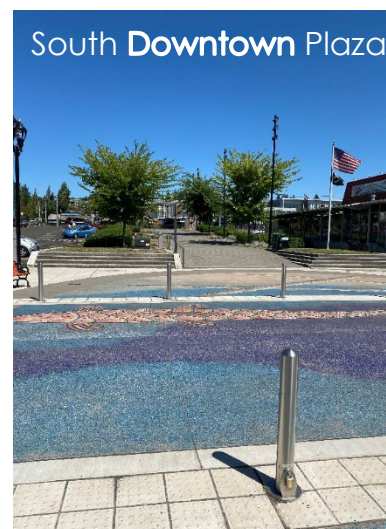
The 2016 plan allows for a broad range of activities related to development assistance. In general, the purpose of this funding is to offset costs related to development to incentivize activity on high priority sites. In response to drastic increases in housing costs across the Portland Metropolitan Statistical Area over the past decade, the city enacted a 1% Construction Excise Tax on new construction value over \$100,000 in permit value to fund affordable housing incentives. To increase the number of affordable housing units constructed in Milwaukie, 50% of the developer assistance will be distributed to CET eligible projects within the TIF district. The remaining 50% to offset development costs on projects that do not involve affordable housing.



Downtown Main St. Enhancements - \$425,000

Urban renewal can be used fund a portion of some activities included in a Main Street Program. Between 2023 and 2028, such funding will go towards:

- Replacing Event Signage
- Installing more wayfinding signage
- Pursuing partnerships to underground utilities
- Installing vertical element and shade at the South Downtown Plaza



Transportation Downtown

McLoughlin Boulevard Intersection Upgrades – \$250,000

McLoughlin Boulevard is owned and maintained by the Oregon Department of Transportation (ODOT). The purpose of allocating TIF resources to McLoughlin is to incentivize repainting and upgrading of crosswalks at Harrison, Monroe and Washington streets. Should such improvements trigger the replacement traffic signals, the vast majority of those costs would need to be covered by the state.

MRC would also like to work with ODOT to make pedestrian and cyclist crossing of McLoughlin more comfortable through modifications to the signal infrastructure and timing.



Pedestrian Undercrossing at Kellogg Dam – \$1,000,000

The 2016 recommends using TIF funds to establish a dedicated bicycle and pedestrian connection across McLoughlin Boulevard. A natural location for such a crossing is under the Kellogg Bridge on OR 99E (McLoughlin). The city aspires to restore Kellogg Creek by removing a dam that is structurally integral to the bridge. Restoring Kellogg Creek would provide critical fish habitat for endangered and threatened species while also facilitating construction of a separated crossing for bikes and pedestrians that would directly connect downtown to Milwaukie Bay Park.



ODOT owns 99E and is therefore responsible for any improvements to the highway and Kellogg Bridge. The ultimate cost of bridge replacement also far exceeds the financial capabilities of the city and more specifically the tax increment financing district. The purpose of programming TIF resources to the Kellogg Dam removal project is to catalyze action and leverage funding at the state and federal level. Prior to releasing the funds, however, the MRC

would need direct assurance (via formal agreement) that state resources will be committed to the project.

Parking Solutions - \$500,000

TIF resources will be used to implement many of the near-term actions identified in the city's 2018 adopted Downtown Parking Management Plan. Such projects will include:

- New signage to reflect zone timing changes recommended in plan.
- Better delineation of loading zones
- Development of shared parking agreements with new downtown developments
- Installation of secure bike parking downtown to incentivize non-auto trips
- Study and potential acquisition of paid parking technology for downtown.

Downtown Streetscape Improvements - \$500,000

Sections of sidewalk on Main Street, between Washington and Jackson, are in disrepair due to tree root growth. To facilitate saving the street trees, while also ensuring Americans with Disability Act (ADA) access, the city will use TIF funds to design and construct new sidewalk.

Transportation Central Milwaukie

Improved Access to Opportunity Sites - \$250,000

The city's updated Transportation System Plan, expected to be complete in 2024, will identify new projects that could be funded with TIF dollars in the 5-10 year period. A small amount of early funding has been identified to acquire needed property adjacent to Harrison Street.

Improve Transit Stops - \$300,000

Transit stops in Milwaukie are owned and maintained by TriMet. The plan invests a small amount of resources towards transit stop improvements to facilitate partnership projects with TriMet. The goal of such improvements is to provide transit shelters as sites are developed and to ensure excellent transit service to Central Milwaukie.

Monroe St. Greenway - \$1,332,000

The Monroe Greenway will create a nearly 4-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. The \$1.34 million TIF allocation will leverage more than \$6.5 million in state, federal and local funds to complete the city's section of the greenway from Highway 224 to Linwood Avenue. Specifically, TIF funds will be spent on segment C, which is east of 224 and west of the cycle track and Monroe St. Apartments.

Public Amenities: Parks and Open Space

Dogwood Park Improvements - \$400,000

A framework plan completed by Lango Hansen in 2019 identified preferred locations for a future play structure, small performance area, and picnic/outdoor seating. Total cost of the framework plan design is \$462,957.



Trolley Trail Realignment at Milwaukie Bay Park - \$600,000

Realign the trolley trail within Milwaukie Bay Park as part of the Phase III improvements to the park. The realignment of the trail will reduce conflicts between cyclists and pedestrians, who currently share a sidewalk, and facilitate the development of the overall project.



CONCLUSION

In total, the action plan proposed to invest up to \$9,237,280 in eligible projects and programs between FY 2023 and FY 2027.

Table 2

Total Funding Proposed by Type

Development	\$3,750,000
Infrastructure	\$4,132,000
Parks and Open Space	\$1,000,000
Administration	\$355,000
Total	\$9,237,280

While many of the investments fall within the City of Milwaukie's authority and are, therefore, highly likely to go ahead, others are contingent on partner agreement and funding. To ensure the delivery of partner projects is assured, staff recommend that the MRC requires execution of all necessary agreements prior to issuing debt. Extensive outreach to businesses and partner agencies will be needed to craft economic development programs that work for users.

The city would like to again thank all of the MRCAC members, the MRC and the many people who shared their ideas throughout development of the plan.

**Investment Project List
Attachment A**

Project	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Developer Assistance		750,000	750,000			1,500,000
Downtown Main St. Enhancements		500,000		150,000		650,000
Pre-Development Assistance	150,000	150,000				300,000
Small Business Development Fund		150,000	150,000			300,000
Tenant Improvements		500,000	500,000			1,000,000
Development Total	150,000	2,050,000	1,400,000	150,000	-	3,750,000
Downtown Streetscape Improvements		500,000				500,000
Kellogg Dam Removal / Pedestrian Undercrossing			1,000,000			1,000,000
McLoughlin Boulevard Intersection Upgrades		250,000				250,000
Monroe Greenway		1,332,000				1,332,000
Opportunity Site Access			250,000			250,000
Parking Solutions		500,000				500,000
Transit Stop Improvements		150,000		150,000		300,000
Infrastructure Total	-	2,732,000	1,250,000	150,000	-	4,132,000
Dogwood Park			400,000			400,000
Trolley Trail (Milwaukie Bay Park)				600,000		600,000
Parks and Open Space Total		-	400,000	600,000		1,000,000
Administration	55,280	100,000	100,000	100,000		355,280
TOTAL	205,280	4,882,000	3,150,000	1,000,000		9,237,280
*No projects are programmed for FY 2027						