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DATE: April 23, 2014   ECO Project #: 21485
TO: City of Milwaukie
FROM: ECONorthwest
SUBJECT: MEETING MINUTES FROM PAC MEETING #5 ON APRIL 21, 2014

Notes from Moving Forward Milwaukie Project Advisory Meeting #5

Location: Milwaukie Public Safety Building
Date: April 21, 2014

Attendees

Advisory Committee Members present:

- David Aschenbrenner, South Downtown Committee

- Greg Hemer, Linwood NDA

- David Hedges, City Council

- Larry Cole, Downtown Business/Property Owner

- Neil Hankerson, Downtown Business/Property Owner

- DJ Heffernen, Central Milwaukie Business/Property Owner

- Dion Shepard, Historic Milwaukie NDA

- Paul Lisac, 32nd Ave Business/Property Owner

- Sherry Grau, Design and Landmarks Committee

- Paul Klein, Lewelling NDA

- Debby Patten, Lake Road NDA

- Betty Fulmore, Ardenwald NDA

- Brian Sims, 42nd Ave Business/Property Owner

- Jordan Carter, Central Milwaukie Business/Property Owner

- Scott Barbur, Planning Commission (alternate)

- Alicia Hamilton, Island Station NDA

Advisory Committee Members absent:
- Lars Campbell, Hector Campbell NDA

- Kimberly Keehner, Downtown Business/Property Owner

City of Milwaukie

- Steve Butler – Community Development Director
- Dennis Egner – Planning Director
- Li Alligood – Associate Planner/Project Manager
- Vera Kolias –Associate Planner

Consultant Team: ECONorthwest

- Nick Popenuk
- Abe Farkas
- Tessa Krebs

Welcome and Overview of Meeting Agenda

Nick introduced the Action and Implementation Plan that was under way, and describes the overview of the City's vision for downtown Milwaukie.

Survey results overview

Nick reviewed the results of the online survey posted from March 31-April 8.

- **David A.:** Do you think there was confusion about the way the setback question for Central Milwaukie was asked? The two options of "are you in favor of buildings up to the edge of the sidewalk vs. set back landscaping"?
  - o **Nick:** Yes, the survey takers thought they were independent options, as opposed to alternatives.
- **DJ H.:** Was there any difference between the responses in public meeting versus online survey takers?
  - o **Nick:** The two groups had very similar findings, especially on conflicting issues.

Nick reports the difficulties that went along with the survey, and that there were things that needed to be changed in the next survey, including the length of the survey and improved public outreach. What was everyone's experience or frustration when they took the survey?

- **Alicia H.:** The online survey missed out on the nuances of each question. Next time add a comment section at end of each question for respondents to write what they thought the question was asking or had other concerns.
- **Larry C.**: I asked my customers if they knew about what is going on with this project, and many did not even know about it. Many people are not computer literate, and they have not heard about it. A large percent of residents are older and they get information from newspapers, not online. It might be good to get these questions in front of people not only online, but in newspapers and/or other forms of media.
  - o **Dave H.:** There have been at least 3 editions of the Pilot newsletter that had the information about MFM. Can't twist people's arm to read the information.

- o **Larry C.:** People don't read information that is for free.
  - o **Dave H.**: It has also been in the Oregonian and Clackamas review.
- **Neil H.**: The survey was targeted to property owners and renters. How about workers in the community, and business owners? Can someone man a booth at the farmers market coming up? That is a way to have more people know about the project.
  - o **Dave H.:** The information is on a display board at farmers market, too.
- **Dion S.** Are you more concerned about what residents want or what business owners and employees want? The survey felt as if the target audience was people who work here, which is probably quite different from those who live here. If the intent is broader, then go out to residents and survey them. Why didn't the City send an email to employers? I suggest reaching out via email.
  - o **Nick:** Both groups are important, not one more than the other. We have the ability to look at residents vs. employees separately, and the results were similar.
  - o **Dennis Egner**: I looked at the cross tabs from the survey; I lumped together the strongly agree/agree and strongly disagree/disagree. The non-resident responses had no greater than a 3% impact on total impact for all respondents. In other words, it did not sway the results by that much, even though the non-residents made up 30% of total respondents.
- **Dion S.:** Others can give input if you send email.
  - o **Li:** We do have emails for employers in the area, and we send them updates about the project, including the survey.

Nick describes that they take away from this discussion is that the PAC cares about getting good feedback from the public.

- **Neil H.:** What is the goal for the number of respondents?
  - o **Nick:** Fregonese Associates might have a goal, so I will need to ask them and get back to you on that. We can also look into other communities that have done this similar type of public outreach.

Key Questions

1. *How flexible should the downtown zoning be? What should be allowed on ground floor? What does a code look like to still have an active downtown?*

- **Neil H.:** What is commercial recreation?
  - o **Li:** Where people pay to recreate, like *Curves*, for example.
- **Paul L.:** The zoning says "only retail/restaurants can be allowed on ground floor on Main St." So that would mean *Curves* and *Dark Horse* wouldn't be allowed?
  - o **Li:** Something like *Curves* would be allowed on ground floor, but only in 25% of building. There is a lot more detail about those percentages that can be made up of non-retail/restaurant on ground floor on Main St.
  - o **Nick:** This is not about kicking tenants out, but about who would be allowed to occupy certain spaces downtown.

1a. What don't you want to see downtown?

- **Paul L.:** I don't want to see strip clubs downtown
- **Dennis Egner:** Some uses can be allowed through the conditional use process. Some questionable uses might make sense at some point, and this process can be used.
- **David A.:** No heavy manufacturing, no more automobile repair. I would lean against flex space and light manufacturing. The biggest concern is too much truck traffic; I see that as being an issue, especially if we are trying to build a pedestrian-friendly downtown.
- **Larry C.:** I would like to see other light manufacturing downtown because I have a small part of my business in light manufacturing. I run a retail DVD store that does some DVD manufacturing.
  - o **David A.:** Larry, are you physically manufacturing the DVDs?
  - o **Larry C.**: No.
  - o **Li:** City considers Larry's business retail
- **David A.:** I just don't want truck traffic and pollution.
- **Greg H.:** And concerned about energy needs. I am not worried as much about light manufacturing, just heavy manufacturing.
- **Dave H.**: Can you define retail? I might consider Key Bank retail because people are walking into the store.
  - o **Li:** Key Bank is considered a financial institution. Retail is buying something from the shelf.
  - o **Dave H.**: In a broad sense, I would allow any business that draws people in for a service, like a bank, store, etc. They are all bringing people into the neighborhood. Why limit businesses that are drawing people in?
- **Larry C.:** What are doctor and dentists offices considered?
  - o **Li:** They are offices, and not permitted on the ground floor under the current zoning regulations.
- **Betty F**.: What are you considering Main St.? All the way down to the south end of downtown?
  - o **Nick**: The heart of Main St. is zoned DS, but that does not include the whole street. We are looking at Main St. holistically, so tell us if some place should be treated differently.
- **Greg H.:** Are there any successful metro areas with this 75% rule?
  - o **Dennis Egner:** I don't know of any that have a regulation like that. It might result in vacancies.
  - o **Greg H.:** So in successful metro areas, it is 100% open to either office or retail?
  - o **Dennis Egner:** Yes, usually. Retail is always encouraged. Some level of office is usually allowed, depending on the type of office. Ultimately want to encourage activity.
- **Greg H.:** In regards to this 25/75% rule: what has worked in the past? Does it have a tendency to shatter in other places with this rule? I am leaning against not doing this rule.

Li reads off list of disallowed uses listed by the PAC:

1. Adult Entertainment
2. Heavy Manufacturing
3. Automotive repair

No one disagrees with these uses that should not be allowed.

4. Should we relax or waive parking restrictions downtown?

Nick: There are several options for parking restrictions:
1. Keep them the same: No requirements in center of downtown, parking minimums and maximums to the north and south of central downtown.
2. Remove all restrictions
3. Variation: remove all restrictions except for residential
4. Variation: reduce parking restrictions
5. Variation: put on-street parking time limits for non-residents

- **Paul L.:** Why are you asking us to decide the parking requirements when you don't even know what you want downtown?
  - **Nick:** Whatever happens to downtown, the question is "should the City require some parking restriction?"
- **Li:** We are only talking about south of Washington (because of light rail station) and north of Scott St. where there are currently off-street parking requirements. We are not talking about other areas of downtown at this point because there are no requirements there.
- **Alicia H.:** What is the conditional use process?
  - **Li:** We have a process where a developer can request a reduction in the amount of parking required, but it is not a guarantee. There is another process that costs $1,000. It is not an easy process.
- **Alicia H.:** Is there a way to streamline this process?
  - **Li:** No, because it is Type II, there is a public notification requirement.
- **Nick:** Milwaukie has Type I, II ,III for development project review.
- **Li:** Type II means 20-day public notice period, planning director decides with public process. Feedback is that these should be streamlined. So, this is more like the Type III, which is a planning commission design review. Another one is a planning director review.
- **Alicia H.:** It seems that parking requirements are important because they have impacts on community businesses and residents. Removing these requirements seems crazy, but I would like to see an easier process for modifications.
- **Jordan C.:** I think the "let the market dictate" idea provides the best results. Businesses aren't going to build parking if they don't need it. It does change when we talk about multifamily. It depends on how big the MF unit is. In Portland, parking only impacts residents parking. Portland doesn't have requirements from retail, but that doesn't necessarily dissuade people from shopping there, it just takes a few more minutes to find parking. Let's encourage developers to come, not have

more requirements for them to go through. It's also quite expensive. Office space won't build without parking. MF: let's encourage urban living, then we need to make it easier for developers. There are variations on size requirements like if there are 25 units, there has to be parking, or 40% rule for parking space per unit.

- **Greg H.:** Could we require one spot for every resident/employee created?
- **Nick:** That is how it is set up now. For every x SF of office space, you have to have a parking spot.
- **Betty F.:** On the west side by parking lot next to City Hall? Is it city owned?
  - o **David A.:** Both public and privately owned.
- **Betty F.:** How much does the City get from businesses for the spaces?
  - o **Li:** Not much
- **Betty F.:** Does the City have the right to make more parking for businesses?
  - o **Li:** The City could make any parking available or unavailable.
- **Betty F.:** I am just saying that parking is not being used
- **David A.:** On the Triangle site – it should not be residential, so no parking requirements. North of Scott St., there shouldn't be any requirements. The question is what should the percentage be for MF? I don't want to see the 25% or less like Portland.
- **Nick:** It is interesting that the closer to the light rail, the more requirements there are.
- **David A.:** Yes, what is magic number? We need parking for resident in the whole downtown.
- **Alicia H.:** Are parking exemptions on the table?
- **Li:** The Transportation System Plan is moving towards removing parking requirements
- **Dave H.:** People using light rail need somewhere to put their car for the day. There has to be some parking provided for residents.

Nick expresses that there is interest from the PAC to explore the middle ground on parking requirements

- **Paul L.:** Does TriMet end at Park Ave.? It could be easy for someone to get on Max at Tacoma or Park Ave. Then, the parking around the light rail station is a moot point.
  - o **Debby P.:** TriMet hasn't decided anything about how they will drop people off at the Max from buses, etc.

Vote *Parking Requirements*

Keep the parking requirements the same as they are now. **0**
Remove parking requirements entirely. **3**
We should not remove parking requirements entirely. **10**
It is a good idea to remove requirements except residential uses. **5**
It is a bad idea to remove requirements except residential uses. **4**
We should reduce parking requirements. **7**
It is not a good idea to reduce requirements. **Uncertain how to vote – it depends**

- **Greg H.:** It is hard to answer these questions because it varies widely on what type of residential you build. I think we should reduce parking on non-residential uses.
- **David A.**: Am I interested in reducing? Yes! But I need more information.
- **Paul L**.: Isn't there a way for the developer to come in a say how much parking he needs?
    o **Li:** Typically the City tells the developer they need more parking under the current regulations.
- **Nick:** In the Cash Spot example, one story of parking with 3 floors above does not provide enough parking to accommodate what is above, but it was really close.
- **Greg H.:** Is there an option to reduce parking so it fits?

Vote *Parking Requirements, cont.*

In favor of limiting on-street parking time limits (current policy). **Unanimous**

- **DJ H.:** Can you look into other communities that are reducing parking requirements? What are the hurdles that developers come across?
- **Abe F.:** Eugene and Salem are two examples of cities that opted to take on commercial/office parking for businesses coming in because they wanted to encourage business downtown. Residential developers still wanted to build own parking, so they had to do their own parking. The question is, could that work here?
- **Jordan C.:** Downtown is such a small area; one garage could serve whole downtown.
- **Paul K.:** Why would anyone come to Milwaukie if they had to pay for parking when the eastside of Portland has no parking fees?
- **Jordan C.:** The Lake Oswego garage serves their entire downtown area.
    o **Nick:** That was paid for through an urban renewal area.

5. *Should we keep existing standards for PARs?*
    - **Dave H.:** PARs need to be radically simplified. If someone is asked to put something in, there must be a good reason for it. The City can't just say to put in a bench just because. I have heard many complaints about them. Only two things are important: 1) consistent sidewalks, and 2) street lamps.
    - **Paul K.:** Could a developer trade parking for reducing some PAR? That might be an option.
        o **Jordan C.:** That is what goes on in Portland.

- **Meganne Steele**: I suggest that you all think about requirements that would ensure safe pedestrian environments, but still have inspiration or vision for the city on an area-by-area basis. There are two levels of improvements: one for the developer, one overarching vision that the community desires.
- **Larry C.:** I think a combination of current and new regulations would be good; the City can do all the PARs, and then pass along the maintenance to the developer/owner when it is finished.
  - **Paul L.:** Yes. Can it be written in anything that the community decides to put in, and then the businesses would be responsible for maintenance?
  - **Li:** Currently the City would be responsible for that.
  - **Nick:** An LID is another option for this issue.

Vote PAR Requirements

The current PAR regulations for developers should be scaled back. **13**
The current PAR regulations for developers should <u>not</u> be scaled back. **1 "maybe"**
Interested in seeing the vision implemented on a piece-by-piece method. **1**
The City should do all the PARs at once. **12**

- **David A.:** I would like a two-pronged approach. 1) The initial, basics are done by the developers, and then 2) add in other more expensive PARs ("community vision") over time.
- **Nick:** PARs for developers are estimated to be about $500,000 per block face.

Vote PAR Requirements, *cont.*

The developer should pay all of the PAR cost. **0**
The developer should pay none of the PAR cost. **0**
Both the developers and city/property owners should pay the PAR cost. **Unanimous**

- **Paul K.:** Is Milwaukie the only community in metro doing this? What are other places doing?
  - **Nick**: Two most common approaches are: LID: property owners say they want to pitch in extra taxes, grants can also help with this; and the second is creating an URA.
  - **Li**: And communities with LIDs or URAs, they don't require as many PARs as Milwaukie.

6. *What should building heights be downtown?*
   - **Betty F.:** I am not comfortable with 5 stories unless the places where it slopes down, like on 21st. I am interested in lower heights by the river.
   - **David A.:** I am a fan of 4-5 story with set backs
   - **Paul L.:** The Cash Spot site could be higher than 3 stories because it slopes.

- **Jordan C.:** Putting in that extra floor gets more rent. You can't see the river unless the building has 4 and 5 floors. From a developer's perspective, it will help get higher rents because won't cost much more to put the 4th and 5th story in. It is a big positive to boost revenue.
- **Paul L.:** The only way to get those views is to use that step approach.
- **Jordan C.:** The river view is not only direct in front of you, but also to the sides. It is highly unlikely that developers would build 5-story buildings next to each other in downtown Milwaukie. There are only a few sites that developers would put a 5-story building, but don't restrict options for developers to do something.
- **Greg H.:** Do developers like setbacks?
  - **Jordan C.:** No, they hate setbacks, they're expensive.
- **Alicia H.:** I don't want to see all 5-story buildings. Can we have a percentage that is taller? I don't know how we would do it, but how can we manage a view corridor?
- **Betty F.:** Can we limit it in areas? I can't see the tall buildings in the middle of downtown; it would be way out of proportion.
- **Larry C.:** So there is an option 3: decide the height by specific locations in the city.
- **Meganne Steele**: Something to think about when you create view opportunities: one story does not create view, the 2 or 3-story differential creates added value. I suggest thinking about the pedestrian experience, and gradually transitioning between adjacent buildings.

Vote Building Heights

Five stories should be allowed in all of downtown. **2 (1 audience)**
One building height should not be set for all of downtown. **9**

- **Alicia H.:** I understand that being so specific is unrealistic, but also 5 stories all over is also scary. I think developers should be able to appeal for higher building in any spot.

Financial Opportunities

TIF Zones

Abe Farkas explains TIF zones.

- **Greg H.:** What happens when the 3% rule [Measure 5 restriction on annual increases in property taxes] kicks in? Even natural property tax is included?
  - **Nick:** Only real change in property is used for these projects.
- **Dion S.:** Is this urban renewal?
  - **Abe:** Yes, it uses the urban renewal method of tax collection to fund site-specific projects.

Everyone indicates they need more information about this funding tool option.

- **Dave H.:** If we take the Cash Spot, for example. If the City just donates the site, I am reluctant to use it as a TIF zone. The City finances dictate what we can and cannot do. Are we selling the site or giving it away?
- **Greg H.:** City could sell the site, then not charge taxes.
- **David A.:** So this is a way to collect revenue for something else in the downtown area. The TIF district could collect taxes to do the PARs and other improvements. I do agree that the city property needs to get its initial investment back before providing money to the developer.

Vote Funding Tools

Keep TIF Zone tool on the table. **8**
Take TIF Zone tool off the table as a funding tool. **0**
Need more info. **7**

- **Sherry G.:** Why would we say no for the City to have any tool in the tool kit?

Tax Abatements

Abe Farkas explains tax abatement tools.

- **Jordan C.:** These tools would be very helpful in encouraging development in Milwaukie. The developer will pay taxes on the building, but not on improvements to the building. It's a good incentive for developers to help the project pencil out in the initial phase.

Abe Farkas explains affordable housing is for individuals or families earning 60% of median income, that is about $29,000 for a single person.

Final Thoughts

- **Brian S.:** My only concern is parking; something needs to be done about this.
- **Jordan C.:** I am trying to sell McFarland site, so I am coming from a different perspective. I also work with developers all day and know how they think.
- **Paul L.:** We are being asked to give answers without specific questions. Nobody has even figured out what we want downtown. What is the culture of downtown going to be? We still need a vision for downtown.
- **Greg H.:** In this whole process, I've learned that rents are low and no one wants to build here. So, why not make it the Wild West and take away barriers. That might be the best way to go.
- **David A.:** TIF is the most interesting tool compared to all the other tools. We need to find a way to fund downtown. Is it even feasible to build a 3-story building? Or does it need to be 4+ stories to be feasible?
- **Alicia H.:** Let's ease up on PARs. Keep regulations and zoning broader is better.
- **Neil H.:** "City's vision is champagne, and its budget is beer." The piece-by-piece method of improvements is ridiculous. The PARs look silly and they don't even make sense. Rethink PARs and simplify them.

- **Larry C.:** I agree with Paul L., there is no identity. We always talk about the low rents, but the reason I came here was because I can afford the rent. Some businesses can't survive without low rent, so we need to have a balance.
- **Sherry G.:** I am a big proponent of a vibrant downtown. It was a lot of information in one meeting and difficult to digest it all.
- **Dave H.:** I agree with Paul L. Nobody knows what type of area the downtown should or will be. What role will it play? It can't compete with the Milwaukie Marketplace for vibrant downtown.
- **Debby P.:** I am not qualified to make changes to parking, so it's difficult to answer these questions. And even if we give our input, will the City do it?
- **Paul K.:** The PARs still baffle me. I also agree with Paul L. When I worked on visioning projects with architecture firms, we helped clients to visualize what the project could be. We can't just start going without a clear vision of what the downtown vibe can be.
- **Scott B.:** Barriers are in the way. Lessening of restrictions is always a good thing.