

**CITY OF MILWAUKIE
PLANNING COMMISSION
MINUTES
Milwaukie City Hall
10722 SE Main Street
TUESDAY, June 27, 2017
6:30 PM**

COMMISSIONERS PRESENT

Greg Hemer, Chair
Adam Argo, Vice Chair
John Burns
Sherry Grau
Scott Jones

STAFF PRESENT

Denny Egner, Planning Director
Amy Koski, Economic & Resource
Development Coordinator

COMMISSIONERS ABSENT

Kim Travis
Shannah Anderson

1.0 Call to Order – Procedural Matters*

Chair Hemer called the meeting to order at 6:30 pm and read the conduct of meeting format into the record.

Note: The information presented constitutes summarized minutes only. The meeting video is available by clicking the Video link at <http://www.milwaukieoregon.gov/meetings>.

2.0 Planning Commission Minutes

- 2.1 April 25, 2017
- 2.2 May 9, 2017

It was moved by Commissioner Jones and seconded by Commissioner Burns to approve the April 25, 2017 and May 9, 2017 Planning Commission minutes as presented. The motion passed unanimously.

3.0 Information Items - There were none.

4.0 Audience Participation – This is an opportunity for the public to comment on any item not on the agenda. There was none.

5.0 Public Hearings

- 5.1 Summary: Rusk Rd Planned Development
Applicant/Owner: Brownstone Development, Inc./Turning Point Church
Address: 13333 SE Rusk Rd
File: PD-2017-001 (master file)
Staff: Brett Kelter

Chair Hemer called the public hearing to order, noting the hearing was to be continued to a certain date of July 25, 2017.

It was moved by Commissioner Grau and seconded by Commissioner Jones to continue the public hearing of PD-2017-001 for 13333 SE Rusk Rd to a date certain of July 25, 2017. The motion passed unanimously.

5.2 Summary: North Milwaukie Industrial Area Framework Plan and Implementation Strategy

Applicant: City of Milwaukie

Staff: Amy Koski

Chair Hemer called the public hearing to order and read the conduct of a legislative hearing format into the record.

Amy Koski, Economic Development Coordinator, noted that she and City consultant, Alex Dupey, had previously provided an overview of the North Milwaukie Industrial Area (NMIA) Draft Framework Plan and Implementation Strategy.

Alex Dupey, Director of Planning Services, MIG, briefly highlighted the key components of the Framework Plan and Implementation Strategy via PowerPoint, noting the history and existing conditions of the NMIA and describing key areas that required further input from the Planning Commission.

Ms. Koski described the history of the current zoning and the zoning changes proposed in the Framework Plan. She noted City Council's policy direction concurred with public feedback, which was to limit residential use to the north consolidated M-TSA zoned section and not allow it in the newly proposed NMIA zone. The Commission's input was sought on residential use in the NMIA, general feedback on the concept plan, and if there were other concerns that needed to be addressed.

Key discussion items and responses to Commissioner questions were as follows:

- The 65-ft building height limit reflected the building heights in M-TSA Subareas 1 and 2 and the 5-story height limit in downtown. Taller buildings allow for more intense use and staff was concerned about increased intensity that may negatively impact the highway and trigger highway improvements under the State Transportation Planning Rule (TPR)
- A 1,000-ft buffer was required for any marijuana production sites in the NMIA, therefore the number of facilities would be limited.
- Retail uses were envisioned to primarily serve employees in the NMIA district, not as destination retail. Although the M-TSA promoted mixed use residential and smaller manufacturing, the 5,000 sq ft limit per use would help minimize traffic. Mitigating for traffic was an issue for rezoning.
- The Plan was setting a framework for more specific zoning discussions later. Specifics on how to accommodate retail and the uses allowed by zoning were more detailed than what the Framework Plan addressed.
- The Transportation Impact Analysis (TIA) would clarify what impact the proposed Plan would have on the transportation system and whether mitigations would be needed for Oregon Department of Transportation (ODOT). The TIA would enable the City to solve transportation impacts at the planning stage rather than the project stage.
 - The TPR analysis was not required for adoption of this plan, but a sensitivity analysis was needed to understand the general traffic impacts. For zoning purposes, the TPR and consideration from ODOT might be necessary; ODOT could require mitigations for a high level of increased traffic within its system. Substantial traffic differences existed between a 60,000 and 20,000 sq ft commercial building,
 - For the traffic sensitivity analysis, all four M-TSA subareas would be combined. A baseline was established as part of the existing traffic conditions in the existing zoning

within the four subareas, but a sensitivity analysis would show the area as it would be with the proposed changes. The baseline was in the existing conditions report available on the project website.

- The proposed retail square footage limitations were due to the number of trips being generated and the site's location attracting drive-by customers. Electrical power substations and utilities did not generate traffic, so they did not have the same proposed square-footage limitations.

Mr. Egner confirmed the City received written correspondence not included in the packet that was distributed prior to the meeting. At the open house, he spoke with Mike Donovan, who works for Pendleton Woolen Mills and expressed concern about the reduction in retail square footage, but said he wanted more time to look it over before commenting.

Chair Hemer called for public testimony.

Ed Zumwalt, 10888 SE 29th Ave, Milwaukie, said he believed there were misunderstandings about what the rezoning would mean for the Dietrich's Mill End Store property and asked the Commission to consider the Dietrich's when considering the zoning of their property.

Eric Hovey, Economic and Development Consultant, stated he had done an economic viability evaluation for future redevelopment of the Oregon Worsted (Mill End Store) site, owned by Mr. Dietrich. The property was the only site in the NMIA located completely within the 100-year floodplain, which meant future redevelopment must be elevated above the floodplain, likely requiring structured parking on the ground level with additional levels above. In the metro area, only office, housing, and retail development supported the cost of building structured parking; however, the current zoning and the proposal only allowed industrial and office uses and precluded housing and limited retail. The Oregon Worsted property's situation was unique among properties in the NMIA area.

Peter Stark, 2939 NW Cornell Rd, Portland, OR, stated he was a consultant representing the Dietrichs and served on the NMIA Project Advisory Group (PAG). He noted the PAG had concerns about the Oregon Worsted site and wanted to address this site in particular. He referenced the floodplain map used in the NMIA document and that the Oregon Worsted property and adjacent property were the only ones impacted by the floodplain. The Commission had authority to create an overlay or exception because of the floodplain and unique condition of these properties. Without some concessions regarding residential use on this site, there was no way for the Dietrichs to redevelop the property. He added:

- Since the site was buffered by roadways and landscaping, there were options to ensure residential development, there were ways to work with the Dietrichs to ensure the development did not negatively impact the residential or industrial uses.
- Housing at this location could be an attractor for the retail downtown and also serve as workforce housing to support the industrial area.

Nancy Bishop Dietrich spoke about the history of Oregon Worsted Company and its involvement in the community. She requested a zoning overlay be included in the proposal to allow mixed use in the residential area. As a non-conforming use, they could not use grandfather rights to rebuild due to their location in the flood zone. She noted the family had the support of their neighbors and the Downtown Business Association.

Howard Dietrich, 9701 SE McLoughlin Blvd, Milwaukie, noted the 65,000-sq ft Mill End Store had a number of long-term employees, and was a destination retail use and brought consumers into Milwaukie. He added:

- Since purchasing the property, the zoning had changed so no fill or building was allowed in the floodplain, which eliminated the ability to rebuild if another flood occurred. He noted that they purchased the property many years ago at the City's request. Building residential above the retail would allow them to rebuild the property to include their Mill End Store.
- The Dietrichs were a contributor to the community and wanted to be able to continue business in their current location.
- He noted the Bishop family had been in Milwaukie since before 1918, and that the proposed plan would also eliminate Pendleton Woolen Mills. These historic businesses were part of the fabric that made Milwaukie special.

Brian Heiberg, Heiberg Garbage & Recycling, 2300 SE Hanna Harvester Dr, Milwaukie, stated his company was in a good location and currently the business was an outright permitted use. However, the proposed Plan would change the business to a conditional use. He was very concerned about what that would do to future expansion opportunities. He wanted the company to remain a permitted use, noting they had been there for 25 years with no issues or problems.

Scott Churchill, 2708 SE Munroe St, Milwaukie, said he supported the NMIA Plan, which addressed a critical part of the city needing development. The area had some unique parcels, including the Mill End Store site, which was in the floodplain and had some development issues without a special overlay zone. He added:

- Workforce housing was needed in the area given the gentrification within the city that was pushing out affordable housing. The City was trying to create a workforce zone for employment, but if housing costs drove the employees to live in other areas, it would be a problem. Having workforce housing above the Mill End Store was a great opportunity and encouraged the Commission to consider workforce housing closely.
- He supported Mr. Stark and Mr. Hovey's research and encouraged the Commission to consider an overlay zone as proposed by Mr. Stark.

Mr. Dietrich confirmed that if granted a mixed-use overlay, he would plan the development now, and hope to develop before another flood occurred.

Chair Hemer called for staff comments.

Staff distributed and highlighted the letter from City Manager Ann Ober that addressed concerns heard in a recent meeting with the Dietrichs, Mr. Stark, Community Development Director Alma Flores, and Ms. Koski. Staff added:

- The floodplain section of the code did not include any provisions for rebuilding non-conforming uses in the floodplain, so if the Mill End Store building flooded or burned down, it could not likely be rebuilt without the building being elevated above the floodplain.
- While no specific flood zones existed, the entire area was tied to FEMA maps, which showed the entire area in the floodplain.
- Different code provisions applied depending on whether a structure was in the floodplain or floodway.
- The subject proposal would not negatively impact current property owners, other than to provide them with more flexibility by allowing an office use to be built.

- The proposed land uses would not preclude development with parking underneath. The Plan addressed what land uses should be developed outside of the floodplain.
- The advisory group extensively discussed including residential in the NMIA zone; however, the Plan envisioned the area, primarily the new NMIA zone, as an entrepreneurial incubator and innovation district rather than a residential area. The majority of the advisory committee agreed the NMIA should be an employment focused district. The M-TSA still provided mixed use and those densities were proposed to be increased. City Council also indicated a desire for employment in the district, rather than housing.

Chair Hemer called for a brief recess, reconvening the meeting at approximately 8:48 pm. He confirmed there were no further public comments and closed the public hearing.

Discussion continued regarding the key issues and the Commission concurred on the following points:

- Item P8 in document S.5.2, related to marijuana businesses and production in the NMIA zone, needed further explanation prior to the proposal being sent to Council. Marijuana businesses and production should be zoned as a conditional use in the NMIA zone.
- Some bonuses, such as building height and floor-area ratio (FAR) bonuses, should be allowed to encourage the ecodistrict and employment/entrepreneurial incubator goals of the district. Further details would be discussed during the code drafting phase.
- Allow 20,000 sq ft retail developments and 30,000 sq ft conditional use developments without the 5,000 sq ft retail restriction in the M-TSA zone.
- An overlay zone of M-TSA standards would be established with a 10-year sunset and no stand-alone multifamily use allowed in the quadrant south of Milport Rd between McLoughlin Blvd and 17th Ave. The Commission was split on including the sunset clause.
 - The Commission had deliberated the pros and cons of implementing a site specific, mixed use overlay on the Oregon Worsted site or extending the M-TSA zone in the quadrant south of Milport Rd. The quadrant bordered residential uses and featured livability benefits and connectivity to Sellwood and downtown. Concerns were raised about increased property values resulting in the highest and best land uses changing to high utilization residential, which would displace jobs and existing businesses and resources.
 - Different approaches were discussed, including extending the M-TSA zone and creating a floating zone or overlay with a sunset clause.
- The Heiberg waste management site should remain a permitted use.

It was moved by Vice Chair Argo and seconded by Commissioner Grau to recommend to City Council adoption by resolution of the North Milwaukie Industrial Area Framework Plan and Implementation Strategy as amended. The motion passed unanimously.

Meeting adjourned at approximately 10:00 pm.

Respectfully submitted,

Alicia Martin, Administrative Specialist II



Greg Hemer, Chair