

CITY OF MILWAUKIE
CITY COUNCIL STUDY SESSION
APRIL 26, 2011

Council President Chaimov called the Milwaukie City Council study session to order at 5:09 p.m. in the City Hall Conference Room.

Present: Mayor Ferguson (arrived 5:52 p.m.), Council President Greg Chaimov and Councilors Dave Hedges, Joe Loomis, and Mike Miller

Staff present: City Manager Bill Monahan, City Recorder Pat DuVal, Community Development/Public Works Director Kenny Asher, Civil Engineer Brad Albert, Planning Director Katie Mangle, Senior Planner Susan Shanks, Engineering Director Gary Parkin, Stormwater/Wastewater Operations Supervisor Ronelle Sears, and Water/Streets Operations Supervisor Mike Clark

Public Area Requirements

Mr. Asher reviewed the process for determining transportation facility improvements.

Mr. Parkin handed out copies of Title 19 and discussed how frontage improvements in residential zones were based on the square footage of the project and on impacts in the downtown area.

Mr. Albert described his role in the development review process to determine if existing improvements were adequate or if the project needed to mitigate impacts. He compared the existing use to the proposed use to determine if trip generation were intensified and how to best mitigate related impacts.

Councilor Miller expressed concern with the basis for making these decisions and the potential financial impacts on the businesses.

Mr. Albert replied he used the best information available when he considered changes of use which might intensify vehicular impacts. He provided this information to the property/business owners during a pre-application conference.

Ms. Shanks described the 2009 code revision which changed from being a value-driven decision to being based on impacts.

Ms. Mangle discussed the Main/Monroe project started by Mr. Parecki and subsequent code amendments that resulted in a reduced project list.

Ms. Shanks reviewed the process and determinations in more detail by going through the sequence.

Councilor Hedges had a problem with fees in lieu of (FILO) improvements as a way to get around something that could impact safety.

Ms. Shanks replied cannot do FILO in cases where safety was an issue.

Councilor Hedges commented on the fairness of asking for bulb-outs, trees, and things of that nature during the current economic downturn. Matters like unsafe sidewalks definitely needed to be addressed. If the City codes were too stringent for today's situation, he agreed with Councilor Miller to put the PARs aside for a brief period.

Councilor Miller felt people should be able to improve their buildings and that PARs were a detriment to development in downtown Milwaukie. A moratorium might be in order while the City put together a fair, consistent plan. He felt kick-starting the downtown economy should be on the City and not the business owners.

Infrastructure Master Plans and Capital Investment Planning

Mr. Asher provided context for the projects that focused on areas where business was transacted and best served the City Council's goals. These would be the downtown area, 32nd Avenue, and the Murphy and McFarland sites. The three touchpoints were the City Council goals, Comprehensive Plan, and the Milwaukie Vision Statement.

The group discussed housing density and diversity, jobs, and the importance of fitting with the existing lifestyle and character of the neighborhoods.

Mr. Campbell gave a brief Economics 101.

The group discussed urban renewal, and **Councilor Miller** expressed his reluctance to place an extra burden on taxpayers.

Mr. Seals gave a brief overview of recent legislation setting certain limitations.

Councilor Loomis was not embedded in voting against urban renewal but did have questions.

Councilor Hedges urged re-use of the old buildings in the downtown area and commented on Safeway's veto power on businesses going into the King Road site.

Mr. Asher reviewed the work plan element and discussed Metro's construction excise tax (CET) program and pending litigation. He suggested using Metro funds for planning. The group discussed possible budget implications of the CET grant program.


Mr. Monahan discussed the proposed resolution before the City Council next week related to public area requirements. The group discussed those budget implications.

Communication Plan and Retreat

The City Council discussed how items were placed on the agenda and the need to be aware of possible budget implications when using staff time. The group discussed potential times for a retreat.

The study session ended at 8:20 p.m.

Respectfully submitted,



Pat DuVal, Recorder

STUDY SESSION

REVISED

**MILWAUKIE CITY COUNCIL
STUDY SESSION
APRIL 26, 2011**

MILWAUKIE CITY HALL
Conference Room
10722 SE Main Street

WORK SESSION – 5:00 p.m.

A light dinner will be served

Discussion Items:

	<u>Time</u>	<u>Topic</u>	<u>Presenter</u>
1.	5:00 p.m.	Public Area Requirements	Gary Parkin
2.	6:00 p.m.	Infrastructure Master Plans and Capital Investment Planning	Public Works and Community Development Staff
3.	7:30p.m.	City Council Goals Follow-Up	Bill Monahan
		Adjourn	

Information

Executive Session: The City Council may meet in executive session pursuant to ORS 192.660(2). All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.

Public Notice

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the one previous to it.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.
- The City of Milwaukie is committed to providing equal access to information and public meetings per the Americans with Disabilities (ADA). If you need special accommodations, please call 503.786.7502 or email ocr@ci.milwaukie.or.us at least 48 hours prior to the meeting.



Memorandum

To: Bill Monahan, City Manager

From: Gary Parkin, Engineering Director

CC: Kenny Asher, Community Development and Public Works Director

Date: March 17, 2011

Re: Infrastructure Master Plans and Capital Investment Planning

The City has a great deal of fiscal investment in its water, wastewater, stormwater and transportation infrastructure. Citizens depend on these systems for their basic needs and quality of life. This memo provides a brief overview of the planning and investment that go into caring for Milwaukie's infrastructure, and the current needs they face.

Milwaukie's utility systems are managed according to master plans that are mandated by the State in its role of providing oversight of human health and welfare issues. Master plans typically consider a 20 year time frame and are updated every 5 to 10 years.

The plans provide information on the components of the existing system, usage demand patterns, critical service standards, system deficiencies and future growth needs. Based on this analysis, the Master Plan will recommend specific projects for inclusion in the Capital Improvement Program (CIP). These projects will ensure that the system continues to provide adequate and reliable service to the City.

Milwaukie's utility master plans are either being updated now or will be updated within the year. The Transportation System Plan (TSP) is the most up-to-date, having been adopted in 2007. A minor update is planned to incorporate changes in the State's Transportation Planning Rule (TPR) in 2012. The next most recent plan, the Stormwater master plan, was adopted in 2004. It is scheduled for a major update next fiscal year as the rules dictating environmental protections have changed, altering fundamental assumptions used to define its capital improvement projects. The Water master plan was adopted in 2002 and is in the process of a comprehensive update that will provide a much improved system analysis and capital improvement plan. Lastly, the Wastewater master, adopted in 1994, is in the process of a comprehensive update. This system is completely built out (in contrast to the stormwater utility) and well documented (good mapping and pipe inspection in contrast to the water system). Completion of the master plan update has been delayed since 2004 because of the treatment issues with the County.

The City's recently adopted fiscal policies address the utilities on several fronts, including the need to provide an adequate financial base to sustain the desired level of services, and to maintain essential public facilities, utilities, and capital equipment.

The policies also state that the Water, Wastewater and Stormwater funds will be self-supporting through user fees, and that utility rates will be established to fully recover the costs of operation, administration, replacement of assets, and capital expansion.

The City's five-year Capital Improvement Program (CIP) is updated annually and incorporated into the City's budget and long-range financial planning processes.

The fiscal policies also recommend that the City maintain its physical assets at a level adequate to protect the City's capital investment and minimize future operating maintenance and replacement cost (recognizing that deferred maintenance increases future capital costs). Therefore, the policies direct the City to fund and establish major repair and replacement reserves equaling 25% of the annual operating budget to provide stable funding in the light of future unanticipated cuts. Further, the policies recommend the City utilize "pay-as-you-go" funding for capital improvement expenditures considered recurring, operating or maintenance in nature whenever possible. The City may also utilize "pay-as-you-go" funding for capital improvements, when current revenues and adequate fund balances are available or when issuing debt would adversely affect the City's credit rating or debt terms are unfavorable relative to the benefits derived from the capital improvement.

The Engineering Department is responsible for identifying and quantifying the replacement needs for the City's utility infrastructure. Most of the systems have older components known to be at the end of their useful life, such as leaking or rusting pipes, valve or manholes that do not function properly, and failing materials. The capital improvement needed to replace the infrastructure as it wears out is added to the capital project list of the master plans.

An initial fiscal analysis of the utilities to provide information as the CIP was developed. It includes the infrastructure replacement cost estimated by the engineer's familiar with each utility. The spreadsheet models, first shown to the CUAB at their March 3, 2011 meeting, shows that rate increases are needed to support the level of capital improvement that will maintain the utility systems at the desired level. A synopsis of the rate information for each utility follows.

<u>Water</u>	2006/07	2007/08	2008/09	2009/10	2010/11					
Rate increases over past 5 year history:	4.56%	4.27%	4.23%	2.40%	0%					
(last scheduled increase was in 2010)						2011/12	2012/13	2013/14	2014/15	2015/16
	Need for next 5 years to fully fund CIP:					30%	0%	0%	3%	3%
<u>Wastewater</u>	2006/07	2007/08	2008/09	2009/10	2010/11					
Rate increases over past 5 year history:	6.10%	5.96%	5.96%	5.97%	3.83%					
(last scheduled increase was in 2011)						2011/12	2012/13	2013/14	2014/15	2015/16
	Need for next 5 years to fully fund CIP:					0%	0%	7%	5%	25%
<u>Stormwater</u>	2006/07	2007/08	2008/09	2009/10	2010/11					
Rate increases over past 5 year history:	6.20%	5.60%	5.90%	0%	0%					
(last scheduled increase was in 2009)						2011/12	2012/13	2013/14	2014/15	2015/16
	Need for next 5 years to fully fund CIP:					5%	5%	45%	-10%	0%
<u>Street Surface Maintenance Program</u>	2006/07	2007/08	2008/09	2009/10	2010/11					
Rate increases over past 5 year history:	-	0%	0%	0%	0%					
(Adopted in 2007, no rate increases planned)						2011/12	2012/13	2013/14	2014/15	2015/16
	Need for next 5 years to fully fund CIP:					0%	0%	0%	0%	0%

The CUAB reviewed the information and asked the engineering department to develop a CIP that allowed for “smooth” rate increases. The Engineering and Finance departments are now focused on lessening the rate impact with efforts that involve moving projects, increasing replacement timeframes, and utilizing debt. The analysis will also consider a 20 year timeframe. A recommended rate structure will be presented as the budget is vetted this spring.