

## MINUTES

## MILWAUKIE CITY COUNCIL WORK SESSION

AUGUST 18, 2009

**Mayor Ferguson** called the work session to order at 5:30 p.m. in the City Hall Conference Room.

Council Present: Mayor Jeremy Ferguson, Council President Greg Chaimov, and Councilors Deborah Barnes and Joe Loomis (arrived 5:39 p.m.)

Staff Present: City Manager Mike Swanson, Assistant Planner Brett Kolver, Engineering Director Gary Parkin, and Associate Engineer Jason Rice, Li Alligood, Planning Director Katie Mangle, and Community Development/Public Works Director Kenny Asher, Senior Planner Susan Shanks, JoAnn Herrigel, Beth Ragel, Grady Wheeler, Alex Campbell, Ryan Marquardt

**Design and Landmarks Committee Work Plan for 2009 - 2010**

**Mr. Kolver** introduced Design and Landmarks Committee (DLC) members Greg Hemer, Chair Becky Ives, Vice Chair Siri Bernard, and Patty Wisner.

**Chair Ives** updated the City Council on its meetings and work sessions. They had training in March, which helped them realize that they needed to have work sessions. They agree that site visits were important and were committed to putting pictures in the design review resource book. The ultimate goal was to be perceived as being consistent and fair when considering any and all projects.

**Mr. Hemer** thanked the staff and City Council for appointing a very diverse group of individuals able to contribute their own expertise.

**Ms. Wisner** discussed current projects that included a presentation on historic properties. They wanted to have something available that staff, citizens and developers could look at to get a feel for Milwaukie. Committee members were going to do some research at the Milwaukie Museum which they hoped to post on the City website for easy access. They planned to design the information so that it could be used for at least 10 years.

**Ms. Bernard** thought it was a good idea to provide an expectation and guidelines for developers coming into Milwaukie.

**Chair Ives** noted all of the DLC members attended the Main Street open house.

**Councilor Chaimov** appreciated the work and hoped the Committee would ask for help if needed.

**Councilor Barnes** suggested using clips from the interview videos done by Carolyn Tomei a couple of years ago.

**Update on the NE Sewer Extension Project**

**Mr. Asher** provided the opening comments. They were waiting on approval for one more EPA form and planned to go out for bid about September 1. It is a \$4.5 million project and affected 270 properties. He indicated the area on the

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map. They bid opening would be the third week of September. Staff would come to City Council to initiate annexation of the streets. He reminded Council they were not annexing properties until people wanted to hook up to sewer. They would like to see the contract awarded by Council on October 6 and hopefully establish the reimbursement district. During the second meeting in October they hoped to complete annexation and transfer jurisdiction and they would like to be under construction late October or early November taking 9-10 months to complete with the first hookups at the end of 2010. Some hookup issues still needed to be worked out.

**Mr. Campbell** reviewed the financial picture. People would pay their share when they connected. The majority of the costs would be funded by the Clean Water State Revolving fund. Approximately 50% would be a forgiven loan or grant from the federal government using stimulus funds. The other \$2 million would be a 0%, 20-year loan. The previous assumption was that the City would borrow the full amount slightly below market rates. The \$4 million would pay for design, easement appraisal, acquisitions and construction costs. The easement acquisition payment was not eligible and they were talking to DEQ about how far beyond the trench patch they can go with some overlay. Another project element was the new pump station funded out of system development charge (SDC) collections. For the non-eligible costs they had assumed an internal loan, and the improvement district would pay back the fund. From the property owner perspective the first cost was the reimbursement cost. The proportional share for a typical single-family residence was based on a flat cost of \$6,000, the lateral, and square footage charge. With stimulus funding the City would provide a discount and NCRA subsidies of about \$3,300 that are available to all properties within the revitalization area.

**Mr. Asher** said there was less risk for City and less cost to property owners because of stimulus funds. Milwaukie was closely matching the County costs, and he commented on pending intergovernmental agreements.

**Councilor Barnes** asked for an example of what a typical homeowner would have to pay.

**Mr. Campbell** responded an example for a home on an 8,000 square foot lot would be a \$6,000 base (flat fee) \$1,750 lateral, and \$3,500. Including the square footage costs and with the discount it would cost \$6500. Everyone that comes in the first year can come in and pay over 10 years at 0% interest.

**Mr. Asher** added they were doing research on incentive programs.

**Mr. Rice** updated the City Council on contracts with Century West for design and Right-of-Way Associates for easement appraisal and acquisition. Century West has been paid about ½ of the contract and a little over ½ the work was done. Plans were finalized with a few exceptions. He discussed permitting, including connection to the Lents Interceptor and the removal of 2 trees as they were crossing the Springwater Corridor. Title 13 permits were required by the County, and the City would do mitigation through the Watershed Council by planting 70 trees and 350 shrubs. There were conditional use permits from the County and DEQ was reviewing from the beginning. They will update the plan to ensure criteria were met. A month ago the City sent out of flyer to residents asking where they wanted their lateral and received responses from almost 50%. Staff updated the project plans based on these responses. Most appraisals were done, and the City had 14 of the 34 easements needed for both permanent and temporary uses. They would be meeting to discuss how Right-Of-Way Associates would negotiate.

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**Mr. Parkin** discussed taking over jurisdiction of about 3 miles of County road which the County was more than willing to relinquish. He discussed the process that would take about 1-1/2 months. The condition of the roads was generally poor, and although he did not have a PCI number he guessed that area was about 50. The average for Milwaukie was 68.

**Councilor Loomis** asked if there was a plan to upgrade those streets. That would be important.

**Mayor Ferguson** knew of at least one road that was not even paved.

**Mr. Parkin** said there were several roads in the area that were not maintained, and some might remain gravel. The gas tax did not fund streets very well, and the City was only looking at a \$40,000 increase. They were looking at extending paving with the project perhaps using reimbursement district funds.

**Mr. Asher** said when they applied for stimulus funds the City asked for more than it received. The City asked for enough to repave all of the streets. The awards were capped \$4 million, and a full overlay was not defined as part of sewer project.

**Mr. Campbell** added that if a street was gravel it was presumed that it would remain gravel and not be paved. Those costs were not added into the project.

**Mr. Asher** said they were not ready to presume what people wanted. Some people did not want pavement and cherished the rural nature of the area. He thought there should be a discussion with residents about paving. If they hear that people want paved streets then the City might find a way to do it.

**Councilor Loomis** thought it was important to pursue the paving matter.

**Mr. Asher** added they were also looking for storm water opportunities.

**Mayor Ferguson** asked for a comparison of maintaining paved street versus gravel street.

**Mr. Rice** replied maintenance on paved streets was not much more.

**Ms. Shanks** discussed street annexation. Streets would provide for easier annexation of properties in the future and provided the contiguous framework. In terms of process it was an expedited annexation process that would not go to the Planning Commission but would come to the City Council to initiate the process pursuant to ORS and municipal code. They would be coming to Council in mid-September to initiate annexation and bring the final declaration in October.

**Councilor Barnes** asked if police response went along with right-of-way annexation.

**Ms. Shanks** would check with the police department. She discussed creating islands through street annexation. We are not allowed to have more than 25% of right-of-way around properties. As we go through declaration of annexation and the ordinance process they understood Council did not wish to force annexation of the properties and the City would not act on that. It would be clear those properties would not be receiving City services until they annexed to the City.

**Mr. Asher** said the worst thing was for someone to get the impression that annexing streets would trap anyone. This was a necessary step that could be misinterpreted. They would make the language clear in the resolution.

**Ms. Shanks** added currently there were 3 island properties, which are already receiving City services, and they would come to Council at a later date for discussion.

**Mr. Wheeler** reported staff had been in communication with residents since March 2008 about the project. They had sent 5 letters and a postcard to all residents, held a number of open houses, and canvassed the area in December. About 12 – 20 phone calls and a similar number of emails came to the City from people looking for more information on the project. The information and conversations have gotten more detailed in the last 6 months. In May they sent notices detailing cost methodology. From that effort there were 12 phone calls and 6-8 emails. On May 12, he attended the Southgate CPO with the City contractor to talk about construction of the project and the pump station. Last week they sent a letter asking about lateral placement. Last week the County sent a newsletter to all people living in the revitalization area that included some text provided by Milwaukie. Next week they will send out another letter regarding stimulus funding and how that would affect individual costs. He encouraged people to call him if they had questions. More letters would go out explaining the street annexations.

**Councilor Barnes** asked Mr. Wheeler if he was getting a different reaction from people now.

**Mr. Wheeler** responded that the people who were calling were interested in hooking up. There was probably another segment that was not interested in hooking up. He was surprised that they received over 130 responses about stub placement. It seemed the thinking was not about if they were going to hook up but when.

**Mr. Rice** added that initial contacts were from people that were angry, and now through staff outreach efforts people were calling for information. It was a different environment. His contacts have been more positive.

**Mr. Wheeler** said the elective portion of the program was very important. He discussed his conversations with Phil Stosse. At some point he stopped with the petition.

**Mr. Asher** said the City must follow through on everything that it said it was going to do. It takes a city-wide effort and hopefully people realize that it was not as bad as they originally thought it would be.

**Mayor Ferguson** met with Ms. Hemmen and suggested a light rail update and recap on the high speed rail presentation at the next work session.

**Mr. Asher** said there was a high speed rail report published for ODOT in June with a pre-application for over \$2 billion for inter-city passenger rail improvements. There was \$8 billion in ARRA funding for passenger rail operating between Eugene and Portland and Portland and Seattle. The idea was to get reliable passenger rail to a higher speed. The ODOT report drew a conclusion about a high speed rail on the Oregon Electric Line (Tillamook Branch) through Island Station, across the Forgotten Bridge to Lake Oswego, and down the Valley. According to the report it was cheaper to use OE and less freight traffic was involved. The proposal has 5 stops and stations with none in Milwaukie. Milwaukie would get 12 trains per day on the Tillamook branch on a separate track west of the existing track, which was dangerously close to businesses, neighborhoods, and institutions. Twelve trains per day not stopping would undo what the City was trying to do downtown and in the neighborhoods.

This would be a different impact with existing trains and light rail. Mr. Campbell was still doing research, and staff was waiting to talk to ODOT and would share livability concerns.

**Mayor Ferguson** said the downtown could be torn up for 5-6 years between light rail and high speed rail. That was a huge concern to him as well as high speed rail on a 4<sup>th</sup> track. He made his concerns known.

**Mr. Asher** recommended coordinating with Tualatin and Lake Oswego. He noted the Governor appeared to be strongly behind this.

**Mr. Campbell** said press release was from Governor's Office, and the study was from an engineering perspective looking at feasibility and ridership. It did not appear there was much consideration of land use. Oregon would hear back on this application from the FTA to get direction on proceeding with the application.

**Councilor Chaimov** said the City should contact Representative Tomei.

**Mayor Ferguson** announced Council would be meeting in Executive Session immediately following adjournment pursuant to ORS 192.660 (2) (h) to consult with legal counsel concerning legal rights and duties regarding current litigation or litigation likely to be filed.

**Mayor Ferguson** adjourned the work session at 6:43 p.m.



Pat DuVal, City Recorder

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# WORK SESSION

# AGENDA

## WORK SESSION MILWAUKIE CITY COUNCIL AUGUST 18, 2009

### MILWAUKIE CITY HALL

Second Floor Conference Room  
10722 SE Main Street

A light dinner will be served.

### **WORK SESSION – 5:30 p.m.**

#### Discussion Items:

	<u>Time</u>	<u>Topic</u>	<u>Presenter</u>	<u>Page #</u>
1.	5:30 p.m.	Design and Landmarks Committee Work Program for 2009 - 2010	Committee Members & Brett Kelter	1
2.	5:45 p.m.	Update on the NE Sewer Extension Project	Gary Parkin & Jason Rice	4
3.	6:45 p.m.	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.
- For assistance/service per the Americans with Disabilities Act (ADA) please dial TDD (503) 786-7555.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.



**To: Mayor and City Council**

**Through: Mike Swanson, City Manager  
Kenneth Asher, Community Development and Public Works Director**

**From: Katie Mangle, Planning Director  
Brett Kever, Associate Planner**

**Subject: Design and Landmarks Committee Work Program for 2009-10**

**Date: August 11, 2009, for August 18, 2009, Worksession**

### **Action Requested**

Review and discuss the 2009-10 Design and Landmarks Committee (DLC) Work Program.

### **History of Prior Actions and Discussions**

**May 2007:** Council met with the DLC to review the Committee's 2007-08 Work Program.

### **Background**

The proposed work program is a plan for fulfilling the DLC's responsibilities for advising the Planning Commission as established in Title 2 of the Milwaukie Municipal Code, as well as for pursuing other projects with the available staff and budget resources.

The DLC serves the City by advising the Planning Commission and City Council on urban design, architecture, and historic preservation activities. It does this by reviewing development proposals in downtown and completing projects regarding historic landmarks and education and outreach. The committee is currently filled by the following members:

- Becky Ives (Chair)
- Siri Bernard (Vice Chair)
- Greg Hemer

- Sarah Knaup
- Patty Wisner

The DLC meets at least bi-monthly but is available every month if necessary to address land use applications. In addition, the Planning Staff endeavors to schedule joint DLC-Planning Commission meetings every six months. Staff support for the DLC increased from the last fiscal year, to include preparing for regular meetings (packets, minutes, etc.), providing more formal meeting minutes, and training for DLC members.

### ***Accomplishments of 2008-09***

During the 2008-09 fiscal year, the DLC returned to full strength with three new appointed members and met almost every month. The group continued to strengthen relationships with the Planning Commission and to clarify how the two can work together effectively. At its December 2008 meeting, the DLC took a design review training from Marcy McInelly of SERA Architects as an orientation for new members and in preparation for reviewing upcoming projects. The committee held two public hearings on Design Review applications in downtown, including the Trolley Trail section between Kellogg Creek and Park Ave. The DLC provided City staff with a recommendation on shelter style for the Jackson St Bus Shelter project.

### ***Work Program for 2009-10***

The following is a summary of the projected DLC activities for 2009-10:

1. **Downtown Design Review.** For development proposals in Downtown zones, conduct public design review meetings to advise the Planning Commission on implementation of the Downtown Design Guidelines. Anticipated proposals for the coming year include Riverfront Park.
2. **Post-Decision Limited Design Review.** Conduct design review meetings on development proposals when the Planning Commission has made design review a condition of approval or to assist with other City projects.
3. **Historic Resources.** Review of Historic Landmarks alteration or demolition. Advise the Planning Commission on applications when City approval is required by Code.
4. **Code Revision and Refresh Projects.** Participate in and advise the Planning Commission on code revisions relating to community design. Anticipated projects for the coming year include:
  - Residential and Commercial Design Standards
  - Ongoing work to refine downtown standards and the City's design review process.
5. **Committee Training.** Continue to develop the group's understanding of the particular design elements that make Milwaukie unique. Share photos of different

places and buildings for comparison and to stimulate discussion of preferred design characteristics. Committee members will begin to collect photos for future updates of the Design Guidelines document.

6. **Public Education.** Create resources that help the general public and potential developers understand the city's history and key design elements. Current ideas include:
  - Historic Properties Slideshow – Complete a digital slide show of Milwaukie's historic resources.
  - Historic Reference Guide for Downtown – Start the process of creating a resource document that helps future downtown development by providing historical information on existing and lost buildings and explaining the downtown context and character.

### **Concurrence**

The DLC and Director of Community Development and Public Works have reviewed and concur with the draft work program. Staff is sharing the work program with the Planning Commission at its August 11, 2009, meeting.

### **Fiscal Impact**

The approved FY 09-10 budget for DLC meeting minutes was reduced by \$5,000. The reduction has had the effect of reducing by half the number of DLC meetings for which the City provides transcribed meeting minutes. The Planning Staff will continue to support monthly meetings of the DLC and their role in the City's design review and legislative processes. Staff will support training and other projects as resources allow. DLC members have offered to provide volunteer time outside of meetings to accomplish the work program priorities.

### **Work Load Impacts**

Staff will not be able to support many special DLC projects with the existing budget and staffing level. The proposed work program will not further increase the amount of staff time currently dedicated to supporting the DLC.

### **Alternatives**

None.

### **Attachments**

None.



**To:** Mayor and City Council

**Through:** Mike Swanson, City Manager

**From:** Kenneth Asher, Community Development and Public Works Director  
Gary Parkin, Engineering Director  
Jason Rice, Associate Engineer  
Susan Shanks, Senior Planner  
Alex Campbell, Community Development  
Grady Wheeler, Community Services

**Subject:** Update on the NE Sewer Extension Project

**Date:** August 7, 2009 for the August 18, 2009 Work Session

#### **Action Requested**

None. This is an informational update on progress and issues related to the NE Sewer Extension (NESE) project.

#### **History of Prior Actions and Discussions**

**June 2009:** Council approved the award of contract to Right-of-Way Associates Inc. for the easement and appraisal services within in the project area.

**February 2009:** Staff presented an update during Work Session to refresh Council on the NESE Project status.

**February 2009:** Council approved a resolution authorizing the City Manager to enter into a contract with Century West Engineering for the engineering services needed to provide a sewer system to the Dual Interest Area "A".

**December 2008:** Council approved a loan agreement for the Clean Water State Revolving Fund (CWSRF) loan to fund the extension of wastewater sewer to the Dual Interest Area “A” (Resolution No. 94-2008).

**October 2008:** Council approved moving forward with the extension of wastewater sewer to the Dual Interest Area including; entering into an Intergovernmental Agreement (IGA) with Clackamas County for use of Century West Engineering services through a contract between Century West Engineering and Clackamas County; making application for a DEQ loan needed to accomplish the sewer extension; and moving forward with the public information needed for the project (Resolution 81-2008).

**September 2008:** Work session discussing the sewer extension project. Council requested additional information prior to acting.

**May 2008:** Work session to discuss the sewer extension project in light of City, County, State and intergovernmental requirements and policies. Staff presented information on relevant City and County policies, state law regarding annexation, and raised questions regarding service delivery and governance.

**March 2008:** Work session to discuss the need for, and timing of wastewater service to the unincorporated area adjacent to the northeastern border of the City. Working with Clackamas County, the City was beginning a public outreach effort to inform residents about the Dual Interest Area and determine public interest regarding connection to the City’s public wastewater sewer system.

**September 2006:** Staff briefed Council on State statute and City Comprehensive Plan policy regarding island annexations.

**November 2002:** Council directed the City Manager to sign a CDBG grant application to subsidize connection costs for low-income residents in the Dual Interest Area. This proposal assumed a City project to extend service to the unsewered unincorporated area.

**July 1990:** Clackamas County Order No 90-726 established an Urban Growth Management Agreement (UGMA) in which the City and County agreed to coordinate the future delivery of services to the unincorporated areas of North Clackamas County. In the northern Dual Interest Area (DIA), or DIA, the agreement states: *“The City shall assume a lead role in providing urbanizing services.”*

## **Background**

This report provides information about the extension of wastewater sewer service to the area adjacent to the Northeast portion of the City known as Dual Interest Area “A”. The past year has seen a great deal of City action toward this longstanding objective. Keyed by the County’s establishment of the North Clackamas Revitalization Area (an urban renewal district encompassing the subject area), and continuing use of private septic systems in the area, long awaited plans for sewer extension were begun in earnest. In cooperation with the County, application was made for a Clean Water State Revolving Fund (CWSRF) loan, a low-rate loan program administered by the Oregon Department of Environmental Quality (DEQ). The City was successful in obtaining the loan, providing the funds needed to design and construct the sewer system. Additionally, American Recovery and Reinvestment Act (ARRA) funds were made available to the City for this work (see “Finances and Loan Package” section for details).

## ***Community Involvement***

Communication with the residents of the area, and owners of property in the area, has been ongoing. Until recently, the nature of the outreach has centered on trying to build awareness for the project and to encourage communication with city staff. In order to increase awareness and facilitate participation, this effort will continue, future phases will become more focused as individual property owners consider hooking up to the sewer system.

### *Summary of actions taken before staff’s report at the Feb. 17<sup>th</sup> Work Session*

- Five letters and a post card to all addresses in the project area providing various updates regarding upcoming project meetings, Milwaukie City Council meetings and summaries of actions that resulted from those meetings.
- An Open House at Lewelling Elementary on March 20, 2008.
- A canvassing effort conducted on December 6, 2008, where staff members went door-to-door in the project area to deliver an informational packet and to discuss the project with residents.
  - The packet included an informational one-pager about the project, a self stamped post card seeking the best way to continue communicating with them as the project progressed, and a contact information piece for requests for information.
  - Based on information gathered from the canvassing effort, and information gathered from the 20 post cards that were returned, more in-depth phone conversations were held.

*Summary of actions taken after staff's report at the Feb. 17<sup>th</sup> Work Session*

- A letter to all addresses (also sent by email to e-addresses that have been accumulated throughout the outreach process) providing an update on the project's status, an explanation of staff's cost-sharing methodology, and inviting those interested to call for individual property estimates.
- Email conversations with six residents stating their positions on the project or requesting additional information.
- Phone conversations with about 10 residents requesting additional information about the project or wanting to learn their cost estimate.
- With the City's contractor, attendance at the May 12, 2009, Southgate Community Planning Organization meeting.
- A letter to all addresses asking property-owners their preferences for the location of their lateral hookups to inform the final design (attachment 1). This letter, sent July 13, 2009 was responded to by over half of the area residents, indicating preferences for sewer lateral location.

*Planned actions:*

- A letter to all addresses providing final cost estimates and an update on the status of the federal stimulus funding.
- Continue outreach efforts that support growing the awareness of the project and providing information to facilitate the property-owners' decision on when to hook up to the sewer system.

***Design and Construction***

The design of the sewer system, main and manhole layout, pump station mechanical and site plans, and the project specifications are all nearing completion (see attachment 2 for project plan). The project layout has not changed much from the original concept plan. The design, like those of all large projects, has had its share of issues, such as utility conflicts, but has proceeded within scope and budget. Some items of note:

- The City will construct the pipeline along Johnson Creek Blvd that will be used by the County for its system east of Linwood Ave. The County will construct the pipeline in West Fork Ave that will also be used by the City. An agreement specifying the cost split for these lines is being developed.
- Easements are in the process of being obtained for 34 properties, including 18 permanent and 38 temporary easements.
- The project anticipates replacing pavement damaged by construction with a single lift trench patch overlaid with a full width pavement providing many of the streets with a newly paved surface.

- The project will provide tree and shrub planting to the Johnson Creek Watershed Council as mitigation for the pump station located near Johnson Creek.

The project design has included coordination with multiple agencies including the Department of Environmental Quality (DEQ), City of Portland, Clackamas County, PGE and Clackamas River Water. Permits from DEQ, the City of Portland, and Clackamas County have been obtained.

The project cost estimate is \$4.75 million including design and construction management, easements, pavement replacement, a pump station, and permitting.

The project will be advertised for bid later this month with project award planned for the City Council meeting of September 15, 2009. Construction is expected to begin by November and will take about one year to complete. Upon project completion, properties would be able to connect.

### ***Reimbursement District***

Once the project is complete and the City begins to pay back DEQ for the project, properties within the reimbursement district (see attachment 3) will pay back the loan as they connect. The City's assessment calculation is based on the assessment developed by Clackamas County. The proposed assessment calculation is as follows:

1. Each serviceable tax lot is allocated \$6000, roughly proportionate to the cost of constructing sewer pipe along a given frontage.
2. Each serviceable tax lot is allocated \$2800 per lateral installed for that property.
3. Each tax lot will be allocated an additional share of project costs based on the size of the property -- about \$0.5 square foot of property. This calculation balances out the cost allocation and reflects the additional benefit larger lots obtain from the sewer system.

The resulting total cost allocation will then be reduced in the following ways:

1. Each property share will be reduced by approximately 45%, the amount of total project cost being paid for with Federal ARRA stimulus funds.
2. Each serviceable tax lot within the North Clackamas Revitalization Area (NCRA) will receive a SDC credit from Clackamas County in the amount of \$2200.
3. Each NCRA lot will receive an additional reduction of \$1250, also funded by the urban renewal district.

The City's calculation modifies the County's in that the lateral cost is slightly lower and the cost per area served is slightly higher. The County removed the entire 100-year flood plain from their area calculations; City staff elected to only remove the stream buffer area, which is unbuildable. The City adjusted the calculation to provide a better balance between the reimbursements assessed to small and large properties. The City calculation provides for slightly lower assessments for small properties (less than 10,000 square feet) and slightly higher for larger properties.

After adjusting the assessments to reflect the ARRA funding and applying the NCRA-funded benefits, assessments for a 10,000 and 100,000 square foot property would be \$5,100 and \$28,000 respectively (based on current project cost estimates for non-Portland treatment)

Staff will be coming back to council to set up this reimbursement district at a later date.

Staff anticipates offering any customer who wishes to hook-up within the first year of the project a ten-year payment plan at no interest. Reimbursement fees for those customers who elect to hook-up later will grow at 2.5% per year (simple interest). Additional incentives may be possible. Staff will return with a proposal as the connection date nears.

### ***Finances and Loan Package***

Exact details for financing of the project continue to evolve. The low-interest CWSRF loan will be on significantly more favorable terms than originally anticipated, thanks to federal American Recovery and Reinvestment Act (ARRA) (a.k.a., "stimulus") funding, which has expanded the amount of CWSRF monies available and improved the terms of funding. The City will be able to secure up to \$4 million in ARRA-subsidized support, half of which (\$2 million) will be immediately forgiven, and the remainder (\$2 million) would be at zero percent interest.

The benefit of the ARRA funds will be passed through to customers, making connection costs more affordable. The net result of these changes is that the City will be able to pursue the larger project (i.e., north and south of Johnson Creek) immediately with reduced financial exposure.

The latest project cost estimate of costs that will be assessed to the reimbursement district is \$4.3 million (not including the pump station cost which will be paid for by System Development Charges). The cost includes pavement replacement and easement acquisition costs. The City could fund some additional project costs over the \$4 million cost at regular CWSRF rates. However, easement acquisition costs are not CWSRF/ARRA-eligible expenses. Staff financial calculations in attachment 5 assume

that \$290,000 in project costs, and an additional \$100,000 to provide an initial fund balance until reimbursement collections begin, with an internal loan from the Sewer Capital and Reserve Fund. Reimbursement costs will be calculated on the full cost of the project, and wastewater capital and reserve fund would be re-paid over ten years (see attachment 4).

Staff is negotiating final details of an IGA with the Clackamas Development Agency regarding calculation and payment of the North Clackamas Revitalization Area subsidies described above. The NCRA will be providing an SDC subsidy of \$2200 and an additional subsidy of \$1250 against reimbursement fees for all customers within the revitalization area. Residential customers south of Johnson Creek will have a net subsidy of approximately \$2500 (including reimbursement cost, SDC cost, and subsidy) from the NCRA. Customers north of the Creek, who will ultimately have their wastewater treated by the City of Portland treatment system, will pay a higher SDC to Portland. The NCRA subsidies will cover most of their SDC cost (\$3835).

### ***Sewer Hook-up and Annexation Update***

In anticipation of the many sewer connections and annexations that will occur as a result of this sewer extension project, staff proposes to begin the process of annexing the streets in the project area in September 2009. See attachment 5 for a map of the streets that staff proposes to annex. The first step in this process involves City Council initiating the annexation petition on behalf of the City. After the petition is initiated, staff will prepare and process the annexation application. The final step involves City Council declaring the annexation by ordinance. Staff anticipates asking City Council to declare the annexation and take jurisdiction of the affected streets on or around the same date.<sup>1</sup> Annexation of the streets will make the properties in the project area contiguous to the City's boundary. Since contiguity with the City's boundary is required for annexation and since annexation is required with sewer connection, annexing the streets now will enable property owners to more easily annex into the City later.

Based on outreach efforts to date, staff anticipates that approximately 25% of the properties in the project area (approximately 64 properties) will either desire or need to connect to sewer in the first couple of years that sewer is available. To manage the steady stream of annexations that will occur as a result of these sewer connections, staff proposes to process annexation petitions in batches on an annual or bi-annual basis. The first round of annexations proceedings should occur in the Fall of 2010. Staff proposes to allow property owners to connect to the newly installed sewer system

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<sup>1</sup> Taking jurisdiction of the streets in the project area will enable the City to install the new sewer system without County right-of-way permits.

pending formal annexation proceedings through the use of non-remonstrance agreements.

Staff will return to Council with more detailed annexation information and recommendations in September 2009.

### **Concurrence**

Agreement to continue forward with reimbursement district calculation methodology and moving forward with street annexation and jurisdiction action.

### **Fiscal Impact**

None, as no action is required at this time.

### **Work Load Impacts**

Although this project requires a great deal of staff time, the City has planned for the effort required to successfully complete this project.

### **Alternatives**

None listed, as this is a discussion item only.

### **Attachments**

1. Letter sent to residents concerning lateral location.
2. Project plan.
3. Plan showing NE Sewer Extension area properties including Zoning.
4. Spreadsheet showing anticipated project cost payback.
5. Plan showing street rights-of-way to be annexed.

ATTACHMENT 1



Dear Resident,

The design for the NE Milwaukie Sewer Extension Project is nearing completion, but before finishing, the City needs one more piece of information regarding your property.

By using the enclosed diagram of your property please show us where your existing onsite system is located, whether it be a cess pool, or a septic system. By doing so we can construct the stub that extends from the sewer pipe in the street to your property line in the most efficient location.

This stub is where the lateral from the home will connect to in order to hookup to the sewer system. Consideration should be given to what location would provide the best connection that would result in the fewest property impacts. If you do not know the location of you on site system please note this. If this is the case, the City will provide a lateral in a location that we feel best serves the property

You can expect another letter from the City in the next two weeks providing updated cost estimates and news as to whether or not this project has been awarded federal stimulus funding. If you have any questions, please call Milwaukie Information Coordinator, Grady Wheeler, at (503) 786-7503, or email him at [wheelerg@ci.milwaukie.or.us](mailto:wheelerg@ci.milwaukie.or.us).

If there are any other comments regarding the condition of your property you think would be helpful to the design, please make a note on the enclosed diagram.

Please return your information by July 27, 2009, so it can be incorporated into the final design.

Sincerely,

A handwritten signature in black ink, appearing to read "Grady Wheeler", is written in a cursive style.

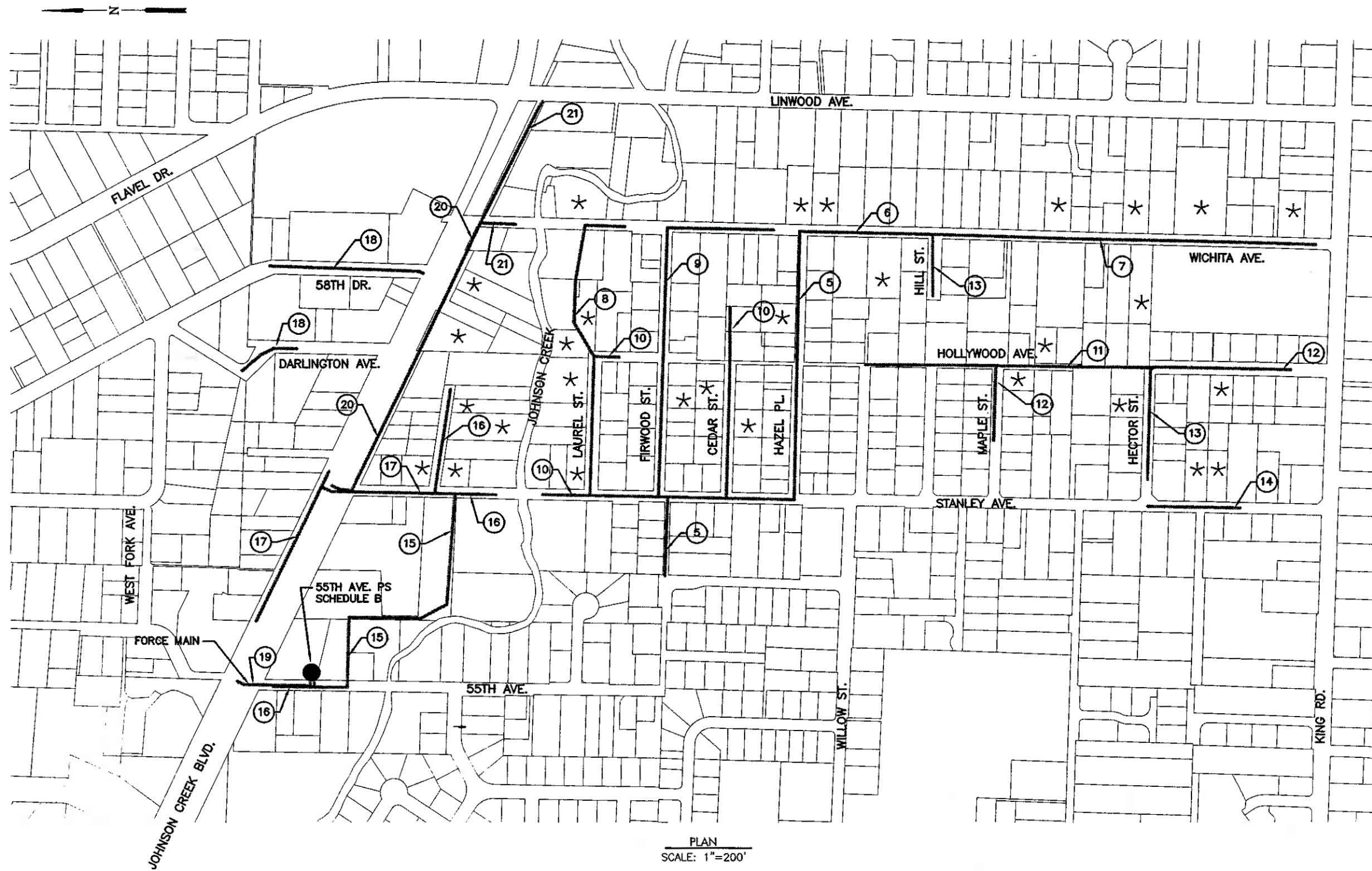
Grady Wheeler  
City of Milwaukie  
Information Coordinator

LEGEND - SHEETS 4 THROUGH 23

- 5 BENCHMARK
- DENOTES FOUND MONUMENT AS NOTED
- FIRE HYDRANT (EXISTING)
- PROPOSED SANITARY SEWER & MANHOLE
- EXISTING SANITARY SEWER
- PROPERTY LINE
- RIGHT OF WAY
- UT UNDERGROUND TELEPHONE (PROFILE)
- UP UNDERGROUND POWER (PROFILE)
- SD STORM SEWER LINE
- W WATERLINE
- G GAS LINE
- OHP OVERHEAD POWER LINE
- UGP UNDERGROUND POWER LINE
- X FENCE
- GAS VALVE
- FOUND PROPERTY MARKER
- POWER POLE
- POWER POLE WITH LIGHT
- CATCH BASIN
- MANHOLE
- WATER METER
- WATER VALVE
- 10124 ADDRESS (HOUSE NOT SHOWN)
- SOIL BORING
- VEGETATION
- TREE
- REMOVE TREE
- REMOVE TREE

LEGEND - SHEET 2

- PROPOSED SANITARY SEWER
- ESTIMATED BASEMENT LOCATIONS (FULL, HALF, OR DAYLIGHT)
- SHEET NUMBER



PLAN  
SCALE: 1"=200'

NO.	DATE	BY	APPR	REVISIONS
VERIFY SCALES				
BAR IS ONE INCH ON ORIGINAL DRAWING.				
IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY.				

**CENTURY WEST**  
ENGINEERING CORPORATION  
6650 S.W. Redwood Lane, Suite 350  
Portland, Oregon 97224  
503-419-2130 phone • 503-639-2710 fax  
www.centurywest.com

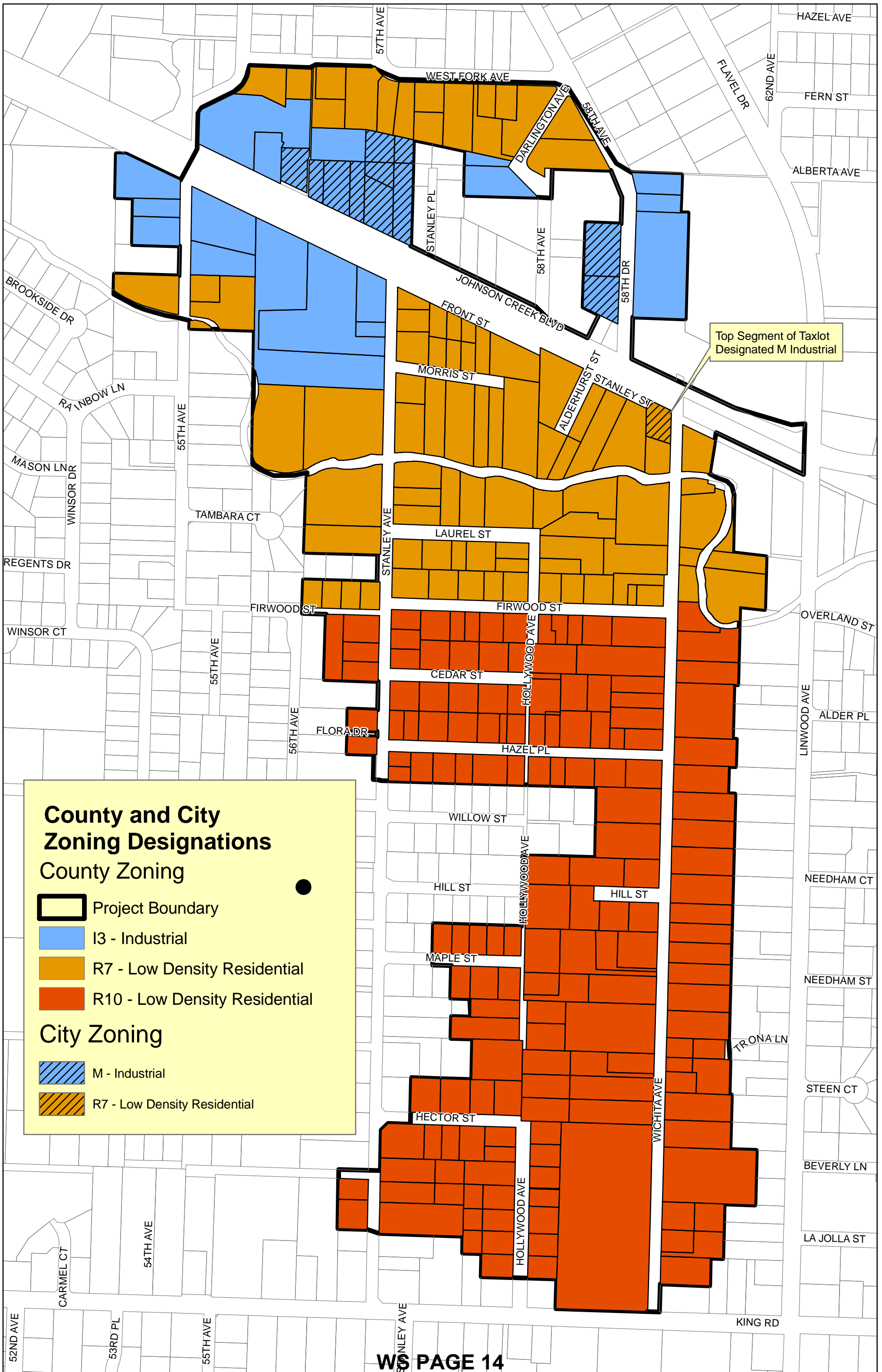
DESIGNED BY: RW	DRAWN BY: SLK	CHECKED BY: RW	SCALE: AS SHOWN
DATE: JULY 2009	PROJECT NO: CIP-09-001		

**NE MILWAUKIE SEWER EXTENSION  
LEGEND AND SHEET LAYOUT**

SCHEDULE A

DRAWING NO.  
**G1**

SHEET NO.  
**2 OF 23**



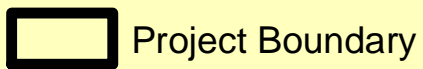
**NESE Capital Improvement Fund Projection**

Year	Percent Lots Connect	Numb Lots Connect	Interest Rate Charged	Average Payment Per Lot	Reimb. Collected	Loan Payment to DEQ	Internal Loan Payment**	Annual (Shortfall) or Excess	Int. Earned on Fund Balance	Cum. Fund Balance (Pre-Funded @ \$100K)
*1	25%	65	1.000	\$ 8,770	\$ 57,005	\$ 100,000	\$ 48,750	\$ (91,745)	\$ -	\$ 8,255
2	3%	8	1.025	\$ 8,989	\$ 128,919	\$ 100,000	\$ 47,775	\$ (18,856)	\$ 743	\$ (9,858)
3	5%	13	1.050	\$ 9,209	\$ 176,716	\$ 100,000	\$ 46,800	\$ 29,916	\$ 1,337	\$ 21,395
4	3%	8	1.075	\$ 9,428	\$ 132,427	\$ 100,000	\$ 45,825	\$ (13,398)	\$ 1,076	\$ 9,074
5	5%	13	1.100	\$ 9,647	\$ 182,416	\$ 100,000	\$ 44,850	\$ 37,566	\$ 1,830	\$ 48,469
6	3%	8	1.125	\$ 9,866	\$ 135,935	\$ 100,000	\$ 43,875	\$ (7,940)	\$ 1,688	\$ 42,217
7	5%	13	1.150	\$ 10,086	\$ 188,117	\$ 100,000	\$ 42,900	\$ 45,216	\$ 2,607	\$ 90,041
8	3%	8	1.175	\$ 10,305	\$ 139,443	\$ 100,000	\$ 41,925	\$ (2,482)	\$ 2,590	\$ 90,148
9	3%	8	1.200	\$ 10,524	\$ 141,197	\$ 100,000	\$ 40,950	\$ 247	\$ 2,627	\$ 93,022
10	3%	8	1.225	\$ 10,743	\$ 142,951	\$ 100,000	\$ 39,975	\$ 2,976	\$ 1,860	\$ 97,859
11	3%	8	1.250	\$ 10,963	\$ 87,700	\$ 100,000		\$ (12,300)	\$ 1,957	\$ 87,516
12	3%	8	1.275	\$ 11,182	\$ 89,454	\$ 100,000		\$ (10,546)	\$ 1,750	\$ 78,720
13	3%	8	1.300	\$ 11,401	\$ 91,208	\$ 100,000		\$ (8,792)	\$ 1,574	\$ 71,503
14	3%	8	1.325	\$ 11,620	\$ 92,962	\$ 100,000		\$ (7,038)	\$ 1,430	\$ 65,895
15	3%	8	1.350	\$ 11,840	\$ 94,716	\$ 100,000		\$ (5,284)	\$ 1,318	\$ 61,929
16	3%	8	1.375	\$ 12,059	\$ 96,470	\$ 100,000		\$ (3,530)	\$ 1,239	\$ 59,637
17	3%	8	1.400	\$ 12,278	\$ 98,224	\$ 100,000		\$ (1,776)	\$ 1,193	\$ 59,054
18	3%	8	1.425	\$ 12,497	\$ 99,978	\$ 100,000		\$ (22)	\$ 1,181	\$ 60,213
19	2%	5	1.450	\$ 12,717	\$ 63,582	\$ 100,000		\$ (36,418)	\$ 1,204	\$ 25,000
20	1%	3	1.475	\$ 12,936	\$ 38,807	\$ 100,000		\$ (61,193)	\$ 500	\$ (35,693)
21	1%	3	1.500	\$ 13,155	\$ 39,465			\$ 39,465	\$ -	\$ 3,772
22	1%	3	1.525	\$ 13,374	\$ 40,123			\$ 40,123	\$ 75	\$ 43,970
23	1%	3	1.550	\$ 13,594	\$ 40,780			\$ 40,780	\$ 879	\$ 85,630
24	1%	3	1.575	\$ 13,813	\$ 41,438			\$ 41,438	\$ 1,713	\$ 128,781
25	1%	3	1.600	\$ 14,032	\$ 42,096			\$ 42,096	\$ 2,576	\$ 173,452
Total	90%	239			\$ 2,482,129	\$ 2,000,000				

\* All lots connecting in year one are assumed to pay off their share of project cost over 10 years at zero interest.

\*\* Assume internal loan of \$390,000 (plus interest at 2.5%) from Sewer Capital and Reserve to cover non-eligible costs & pre-fund fund balance.

# NE Milwaukie Sewer Extension Right-of-Way Annexation



Project Boundary



ROW to be Annexed

