

**CITY OF MILWAUKIE  
CITY COUNCIL MEETING  
JULY 18, 2006**

6167

**CALL TO ORDER**

**Mayor Bernard** called the 1986<sup>th</sup> meeting of the Milwaukie City Council to order at 7:08 p.m. in the City Hall Council Chambers. The following Councilors were present:

Council President Deborah Barnes     Joe Loomis  
Carlotta Collette

Staff present:

Mike Swanson, City Manager	Mike Clark, Water & Streets Supervisor
Katie Mangle, Planning Director	Paul Shirey, Engineering Director
Grady Wheeler, Public Information Officer	Alex Campbell, Resource & Economic Development
Kenny Asher, Community Development/Public Works Director	

**PLEDGE OF ALLEGIANCE**

**PROCLAMATIONS, COMMENDATION, SPECIAL REPORTS AND AWARDS**

**Mayor Bernard** congratulated Peter Becker of Milwaukie for attaining the rank of Eagle Scout.

**CONSENT AGENDA**

It was moved by Councilor Barnes and seconded by Councilor Collette to approve the Consent Agenda:

- A. City Council Minutes of June 6, 2006 Work Session;
- B. Resolution 32-2006: A Resolution of the City Council of the City of Milwaukie, Oregon Transferring Appropriation Authority and Expanding a Bid Award;
- C. Resolution 33-2006: A Resolution of the City Council of the City of Milwaukie, Oregon, Supporting a Request for Funds to the Oregon Department of Transportation under the Oregon Bid Cycle and Pedestrian Program for Pedestrian and Sidewalk Improvements along Logus Road at Seth Lewelling Elementary;
- D. Lake Road Waterline Improvements, Phase 2; and
- E. OLCC Application for Albertson's, 10830 SE Oak Street (Change of ownership)

**Motion passed unanimously among the members present. [4:0]**

**Mr. Swanson** announced the City Attorney excused pursuant to Resolution No. 9-2003.

**AUDIENCE PARTICIPATION**

None.

**PUBLIC HEARING**

None scheduled.

**OTHER BUSINESS****C. Authorization to Execute a Purchase and Sale Agreement to Acquire Real Property at 11100 SE McLoughlin Boulevard**

Mr. Asher reported this was a request to acquire approximately one acre of real property at 11100 SE McLoughlin Boulevard known as the Cash Spot. This action came after about a year of negotiating with the property owner through the Oregon Department of Transportation (ODOT) to acquire a corner of the subject property for the McLoughlin Boulevard improvement project. This was one of several takings and small acquisitions in the downtown blocks to improve the right-of-way and bring the intersections up to standards. This was the only property for which the City and ODOT did not reach an agreement with the property owner on the terms. For over a year the City had been talking to the property owner about the value of about 1,000 square feet. Originally, ODOT offered \$37,000 for the corner, the value of a sign, and a construction easement. The property owner rejected that offer, and ODOT had to file for immediate possession in order to begin the project. This generally meant going to court, but the City and ODOT were trying to work with the property owner and settle out of court. In this case the property owner was GRS Properties, LLC. The City's role has been to work with ODOT as the project manager, and there was an agreement that ODOT would handle right-of-way acquisition.

The first offer of \$37,000 was rejected and not finding any middle ground, the court date was set for May 30, 2006. In February, the City raised its offer to \$67,000, but it was also rejected. The property owner came back with an appraisal of \$264,000. The reason for the discrepancy was a disagreement about what the McLoughlin Boulevard project did to the value of the entire property. It was the property owner's contention that the McLoughlin Boulevard redesign project damaged their property because it moved the access from Washington Street to McLoughlin Boulevard. The City and ODOT contended that was not so, and that the property owner should not be compensated for any damages and only for the value of the taking. On April 28, 2006 the City made one final offer of \$91,000 for the 1,000 square feet, sign, and construction easement, as it was required to do 30 days before the court date. That offer was larger because if the City lost in court it would be required to pay the attorney fees for the plaintiff. During that time Mr. Asher and Mr. Shirey had inquired about the cost of purchasing the entire property. Staff knew this was going to be an expensive taking. It was a relatively unimproved property in an important location. This spring the property owner indicated he was interested in selling the whole thing if the City could make a viable offer. The City in consultation with appraisers and attorneys for the City and Department of Justice arrived at a value that was thought to be fair for the entire property. The parties settled on a purchase price of \$850,000 or about \$25 per square foot which was fair market value based on appraisals. One of the terms of the purchase and sale agreement was that the City had 30 days for an environmental assessment to determine if there was asbestos. At the end of those 30 days or when the City was satisfied then the purchase could be considered by the City Council. The trial scheduled for May 30 was delayed for 60 days. If agreement were not reached, then the trial would be rescheduled.

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An appendix to the staff report outlined the risk analysis of not acquiring the entire site. In the best-case scenario the City would probably be looking at paying \$90,000 for that 1,000 square feet. In the worst-case scenario where the City lost in trial, the City might be looking at about \$600,000 if the jury agreed that the site had somehow been damaged by the redesign of the access. Confronted by that and the willingness of the owner to sell the property, it was determined it was in the City's best fiscal interest to seek to acquire the entire site for \$850,000 as opposed to risking \$600,000 for a small fraction of the site.

Staff was close to coming to terms on the purchase and sale agreement. The \$850,000 would be due in one lump sum and would be borrowed from the wastewater capital reserve fund that had a current balance of about \$2.7 million. The loan from the wastewater fund would be repaid from the general fund over a five-year period as required by law. If the Council approved this action, then staff would move toward closing by the end of August depending on the environmental study. The Cash Spot was interested in operating through the end of the year at a lease rate of \$3,000 per month. The Budget Committee expressed its concurrence with this action.

From a planning point of view this was a key site. It was at the south end of the downtown area, and a lot of work was being done on the north end. Being able to control two ends of Main Street gave the City far more control over what happened in between. It was also across the street from the proposed Riverfront Park entrance, adjacent to Kellogg Lake for which the City had submitted a Metropolitan Transportation Improvement Program (MTIP) application to restore Kellogg Lake to a creek, and was across McLoughlin Boulevard from the wastewater treatment plant. Owning the property would give the City far more control when it came time for redevelopment. Absent any unusual recognized environmental conditions on the site, staff would proceed to close by the end of August.

**It was moved by Councilor Collette and seconded by Councilor Loomis to adopt the resolution approving the purchase of real property located at 11100 SE McLoughlin Boulevard pursuant to MMC § 3.15.030.**

**Councilor Collette** supported the purchase but was concerned about the \$200,000 annual payment from the general fund.

**Mr. Swanson** replied there were a number of one-time completed commitments related to the general fund including the repayment of the water fund loan for riverfront property purchase that was in excess of \$100,000 annually and the \$250,000 commitment to fund the Draft Environmental Impact Statement (DEIS) that commitment should disappear next year. Staff did not look at this lightly. Ownership was the only way to assure the City had some control over development. The purchase was considered carefully, and although the general fund was not flush, there were some commitments that would be fulfilled over the next five years. This action would not take any money from the neighborhoods, library, or any other departments in the general fund.

**Councilor Loomis** appreciated Mr. Asher's discussion of the matter. This project had the potential to address parking issues and access to Kronberg and Riverfront Parks.

**Councilor Barnes** thought the timing was ironic when the City was looking at ways to raise money to fix its roads. She understood this was a different fund, but there was some concern on the part of the general public about why the property was being purchased at this time and what would be done with it in the future.

**Mr. Asher** replied the opportunity was now and was being forced by other circumstances. He thought the City was being responsive. There were no plans for the property right now, and there were several sites in play right now which was great for revitalization efforts. There was Kronberg Park, Riverfront Park, and McLoughlin

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Boulevard itself making it important to plan for the entire area. Councilor Loomis was correct that this site could solve some problems including parking, revitalization, and open space access.

**Mayor Bernard** understood this money came out of dedicated funds and not road funds and that the loan would be paid back to the wastewater fund in five years.

**Mr. Swanson** said state statutes required a 5-year payback, which would be included in the upcoming budgets.

**Mayor Bernard** noted this was the only site with about two stories below grade, so there might be opportunities for a parking structure with development above. The Council's job was to ensure the \$850,000 expenditure brought the citizens a good return on their investment. He commented on his pride in the McLoughlin Boulevard project.

**Motion passed unanimously among the members present. [4:0]**

**A. Street Maintenance Program Recommendation -- Resolution**

**Mr. Asher** said the problem was that nearly half of the 150 miles of paved roadway in the City either needed to be rebuilt or resurfaced, but the City did not have the money to do that. The other half that was in good condition would decline rapidly because there were no means to maintain them. The problems were evident, and he believed there was a solution.

**Ms. Mangle** said the streets supported life and activity in the City and a fundamental part of infrastructure. There were 138 lane miles of streets in the City, and if they had to be replaced they would cost \$65 million making them a valuable asset that needed to be maintained. There were concerns from many areas about the declining conditions, and a 2004 study found the current maintenance effort was insufficient. That was due to several factors: ongoing wear and tear, the backlog of maintenance that grew each year because there was a lack of funding, and the cost for construction was rising rapidly.

Staff spent the last several months talking to community groups about the problem and potential solutions as to why streets got to this condition. Staff consistently used the problem statement to communicate the issues and discuss solution. The problem statement was, "Milwaukie's streets are in a state of rapid decline. Some have already failed. Funding is not adequate to turn the situation around. If nothing is done, the roads will worsen and the cost to remedy the situation will skyrocket." The message was "pave now or pay later." The graphics showed that streets as they aged needed maintenance. If minor repairs were done when the streets were in good condition, it would not cost a lot. If the good streets went without basic care, the cost of reconstruction would increase exponentially.

**Mr. Clark** explained the methodology used to categorize the condition of the road system. Each street was rated and given a pavement condition index (PCI) with numbers ranging from 0 – 100. Streets with poor conditions were 1 – 25 and 70 – 100 were good with scales in between. In 2004 the system average was 67 and projected to be 63 in 2006. Three studies were combined to develop the composite findings. The 1995 PMSI study included deflection testing that indicated the condition of the base. In 2004 there was a visual ESI study, and this year staff did its own visual study. The condition rating concluded that 55% was in good shape, 18% was satisfactory, and 27% was fair to poor. Railroad Avenue and the downtown area of Lake Road were examples of streets with poor bases. They were called farmers market roads with a chip seal over dirt called macadam. As technology developed with asphalt that was put on top of the macadam, so there was never a rock base established.

**Mr. Shirey** described the street fund history and talked about the City's resources. Gas tax revenue was the principal source of funds for the street system. General fund and property tax revenue was not used for the street system. The gas tax compromised about 50% of the revenue that was collected at the pump and distributed by the state to cities and counties based on a population formula. It had not increased in 13 years – not even for inflation, and costs have gone up during that period. The other sources were franchise fees from other utilities in the streets, and that has remained flat. System development charges (SDC) cannot be used for maintenance. There were dedicated revenues that were principally grant sources that are leveraged. On the McLoughlin Boulevard project for example \$0.10 in gas tax money made Milwaukie eligible for \$0.90 in federal money. The same was true for Johnson Creek Boulevard and the upcoming Lake Road project. Both Johnson Creek Boulevard and McLoughlin Boulevard addressed deferred maintenance needs. The sub and base of Johnson Creek Boulevard was reconstructed, and the surface of McLoughlin Boulevard was overlaid. Costs have risen, but the gas tax has not changed. Cars were more fuel efficient, so in a relative sense the gas tax paid at the pump continues to go down. While going through the design and eventual construction of projects like Johnson Creek Boulevard and McLoughlin Boulevard material costs have gone through the roof. About 10 years ago, the administration and Council at the time decided to take street lighting out of the general fund and put it into the street fund, which costs about \$350,000 annually. The street fund along with the other utilities supports other departments such as engineering and community development for about \$330,000 annually. He reviewed several charts that graphically showed the revenues and expenditures of the street department.

In fiscal year 2004 – 2005 there was a total of \$2.2 million in revenue. After all expenditures were made for administrative services and overhead there was \$378,400 left for maintenance. That money went not only to streets but also to right-of-way maintenance, emergency repair, signs and signals, sweeping, and street markings. After all of that was allocated, the street fund had about \$30,000 to maintain 138 lane miles of pavement.

**Mr. Campbell** reviewed the local funding options because federal, state, and regional funding was not available to fund maintenance. Because so many other jurisdictions were facing this problem there was potential for political movement in the coming years, but right now there was nothing on the horizon to address this issue outside of a local approach. There were 11 cities in Oregon including Sandy, Woodburn, and Springfield that had local gas taxes. Washington and Multnomah Counties both had gas taxes, but Clackamas did not. Those taxes ranged from \$0.01 to \$0.05 per gallon. The PGE privilege tax was a pass through to the consumer that would amount to a 1.5% increase in energy costs. It was similar to a franchise fee, and the City had the capacity to legally impose this tax. The Council could shift street lighting out of the street fund to the general fund. Twelve cities in Oregon had street utility fees including Lake Oswego, Tigard, Tualatin, and Wilsonville. It was flexible in terms of establishing a fee structure to collect a certain amount of revenue. It would be apportioned by trip generation estimates or parking spaces and within those the share could be adjusted. The scale of funding identified at this point would translate to \$3 to \$5 per household per month. The local improvement district (LID) approach could be used to deal with local streets. That did not address major streets because there was no equitable way to apportion the costs of something like a major arterial. Paid parking downtown was included, but comments indicated any revenue from paid parking should be reinvested in the downtown. Finally, staff looked at property taxes through a 5-year levy or a 10-year levy if it was dedicated to capital projects. Washington County's program was originally the local levy. Since 1997 only one city out of 11 succeeded in passing a levy.

**Mr. Wheeler** reported the object of the outreach effort was to inform and educate as many people as possible about the condition of City streets, the consequences of continuing to fund the program at its current level, and possible strategies that could be implemented. The project team developed three informational sheets that served as the educational tool for the outreach and used in various venues. The project team developed a report back form that asked respondents several basic questions: level of concern about street conditions, willingness to consider a local funding option, favored options, street maintenance propriety, and which streets needed the most immediate attention. The overall goal was to reach beyond those typically involved with City matters, so forms were handed out at the May 13 plant sale, Down-to-Earth Day collection sites, and the Farmers' Market community booth. Due to the complexity of the issue the project team decided against sending out a citywide survey. An insert was mailed with the utility bills to about 6,700 residents that described the problem and let people know how to provide feedback. In May and June staff attended the seven neighborhood association meetings and made presentations to the Planning Commission, Citizens Utility Advisory Board, and the Milwaukie Rotary. Attendees were encouraged to ask questions and complete the feedback forms. Detailed notes of all the questions and comments were provided with the staff report. The City also set up a number of meetings that no one attended or the meeting was cancelled. Letters went out to 250 businesses, but no one attended. The information and an on-line report form were posted on the City's website, and stories ran in the May, June, and July editions of *The Pilot*. Ninety-two feedback forms were collected and summarized in appendix 5 to the staff report. Of those who responded 81% indicated a level of concern as being 4 or 5 on a scale of 1 (low) to 5 (high). 72% indicated their interest in a local funding option as a 4 or 5. The PGE privilege tax was the leader, and most of them were fairly equal with the exception of paid parking downtown and the local gas tax that was introduced too late in the process to include on the form. Some themes emerged: funding options should spread costs across all users not just property owners; any funding package should include a program describing which streets would be fixed and when; street projects should not all be in one area of the City; and funds raised for street maintenance should be dedicated to street maintenance. Outreach for this phase of the project was thorough by using inserts in utility bills, handouts at events, and the community booth. The input informed and validated the staff recommendation, and if the Council directed staff to move forward another round of outreach would be required and particularly with the business community.

**Mr. Shirey** brought forward the recommendation to establish a street maintenance program to protect the street system and reverse the decline. The funding sources were the PGE privilege tax to pay for the streetlights, street utility fee, and implement a transportation utility fee. In respect to this program the project team recommended minimal or no impact on the general fund.

**Mr. Campbell** discussed the desirable goals. The first was to bring at least the major streets into good condition. One of the findings was that there was consensus that the program begin with the major streets. The goal would be to address those deferred maintenance streets within 10 years, and a funding recommendation was done that staff felt could do that. The preventative maintenance goal was to no longer allow any major streets to get to the poor level where reconstruction was required. The City was currently spending about \$100,000 to patch the potholes and would continue to do so. Absent a step to increase the ability to do true preventative maintenance there would be more and more potholes. At the current funding level even that might not continue. The staff report suggested that 10 years from now the City would have another serious decision to make which would be to move beyond the major streets and address problems on local streets. If the City continues the \$1.2 million levy, then that could happen. Staff suggested that two new funding sources go directly into a dedicated

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fund. Those would be a local gas tax of \$0.01 per gallon and street utility fee. That fund would be dedicated and protected from transfers to general administrative services. A paving program was largely contracted and did not have a great overhead cost, so it made sense to exempt it from traditional overhead charges. By implementing the PGE privilege tax, the street lighting could be moved into the general fund while keeping it whole. He discussed the proposed 10-year budget. The suggestion in 2007 – 2008 was additional crack sealing which is the basic level of maintenance, consulting services, and two major reconstruction projects. In 2008 – 2009 there would be several rehabilitation, or resurfacing projects. The program did not assume inflation or increases in program revenues. It did assume 20% contingency and inspection costs. If the Council directed staff to continue, it would move into a second phase of outreach and lay out a plan for future Council consideration. There was a lot more to do with the business community, revenue projections, developing the calculations for a street utility, and identification of a prudent maintenance plan.

**Charles Bird**, as Citizens Utility Advisory Board (CUAB) vice chair spoke in favor of staff's finding. As a citizen he had some recommendations. The data provided Council was sound and had been looked over many times to make sure the CUAB members understood them. He had come to the conclusion that the most important thing was to preserve the streets in their current condition. They were deteriorating, and part of the reason for that was because the City was spending money on matching funds that should be spent on maintenance. That was his opinion. The first and foremost responsibility was to maintain the streets in the condition there were in. That was not to say the City should do without matching money or projects that required matching funds, but that was not the first priority. Sometimes those projects that required matching funds could be raised from other sources that had other benefits and were easier to sell. His second suggestion was to put the street lighting money into the streets. It seemed like a direct connection and easy sell that the privilege tax could offset the street light funding. He just heard that Bonneville was reducing its price by 4% which could hit about 1.5% to the ratepayer. The iron might be hot for something like that. These were within the Council authority to create some funding to keep the streets in their current conditions. He thought there would be enough money based on reports to the CUAB that streets could be maintained. In talking to his neighbors and others, people wanted the streets to be improved with bike lanes and sidewalks. He asked that Council consider the utility fee approach. Although it failed in the County, he recommended it be thought out more carefully because it was progressive and put the responsibility on all residents. Everyone participated in the value of the streets from mail delivery and fire service, so streets were important to all. He did not like the gas tax because Milwaukie was too small and people might purchase their gas elsewhere. This did not mean he was against the other things, but Mr. Bird felt these should be emphasized.

**Mayor Bernard** said from the Joint Policy Advisory Committee on Transportation (JAPCT) meetings he recalled the ten projects region wide projects would cost an additional \$0.34 per gallon in gas tax. He suggested taking out the wording related to shifting the money out of the general fund. The privilege tax would pay the street lighting. He agreed with Mr. Bird that paying for street lighting on the PGE bill was logical. He was concerned about how much the City might have spent on three studies to come up with the same conclusion that something needed to be done. He did not want to study this again. He agreed there needed to be a priority list of projects. He thought Railroad Avenue was an example of life and safety issues. He did notice that ODOT and the federal government like to see the local jurisdictions step up first to do something and make an effort to do something about their roads. The City definitely needed to work on business outreach, and he would be happy to participate. He was involved in the street utility fee issue with the County, and there was no business

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outreach. Milwaukie was one of the paying partners in the effort, but the County did not take it far enough. The City of Sandy has a gas tax but it was still \$0.07 per gallon cheaper. Milwaukie had some of the cheapest gas in the region, so people would not even notice a small gas tax. He discussed matching funds for federal projects and suggested some of these revenue ideas could go into matching funds. He appreciated the project team's work.

**Councilor Loomis** thanked staff for its out reach efforts. He thought that whatever was done that there should be visible evidence of a result. It had to look good with visible bang for the buck. He was bothered about the PGE tax. The City gets almost \$1 million in franchise fees, so it should have been paid for with that money. He did not know where it all went. It should have never been transferred from the street fund. To him the franchise was nice money, and that was where it should have come from. That was in the past. It was obvious that some thing needed to be done, and the citizens agreed. Now there needed to be a fair way. They knew they were going to pay for it one way or another, and now it was a matter of how. The project team's job was to find out what that was. He recalled talking about a gas tax when Ms. Rouyer was here, and no one liked the idea. The City needed to do something, and everyone could take some of the blame. It was an investment that has been neglected. The citizens realized that, but they wanted to see clear results. He thought people would pay for it as long as the outreach was there and the message was clear. People were pleased with what was going on in the City, and the trust was being built up.

**Councilor Collette** agreed with what had been said and appreciated the staff effort. The motion said the program would be designed with input from the businesses and neighborhoods, and she wanted to make sure that public involvement did not drop off but in fact escalated. There were 92 respondents out of more than 20,000 citizens. She wanted it to be a tight collaboration. She agreed that it was something everyone needed to be proud of, and something that everyone saw. There was no doubt that most citizens in Milwaukie used Railroad Avenue and King Road. This has to be a priority for the City. She wanted a quality product with solid public involvement.

**Councilor Barnes** said the business situation is always difficult, but they were the first to show up when they did not like the Council's solution. She thought the economic development group would initiate contacts and ask them to invite their neighboring businesses. How much of an impact did studded tires have on City streets and was there a way to have people either register to use those and billed for an extra amount for destroying parts of the road. She recommended an updated web page about which streets would be done when with a large sign at the project. People also want all utility lines coordinated so recently paved streets were not dug up. The City appeared to be organized and on the move. McLoughlin Boulevard was finished, and that showed that the City could be taken seriously. Milwaukie does do what it says it will do.

**It was moved by Councilor Barnes and seconded by Councilor Collette to adopt the resolution directing staff to design in collaboration with Milwaukie neighborhoods and business a City of Milwaukie street maintenance program for Council action by December 31, 2006. Motion passed unanimously among the members present. [4:0]**

#### **RESOLUTION NO. 35-2006**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ESTABLISHING THE NEED FOR A STREET MAINTENANCE PROGRAM AND DIRECTING THE PREPARATION OF A PROPOSAL FOR SUCH A PROGRAM USING LOCAL FUNDS.**

**B. Council Reports**

**Mayor Bernard** announced the Riverfest events.

**Councilor Loomis** still needed some volunteers.

**ADJOURNMENT**

**It was moved by Councilor Barnes and seconded by Councilor Collette to adjourn the meeting. Motion passed unanimously among the members present. [4:0]**

**Mayor Bernard** adjourned the regular session at 8:39 p.m.

*Pat DuVal*

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Pat DuVal, Recorder

**REVISED**

## **AGENDA**

**MILWAUKIE CITY COUNCIL  
JULY 18, 2006**

**MILWAUKIE CITY HALL**  
10722 SE Main Street

**1986<sup>th</sup> MEETING**

**REGULAR SESSION – 7:00 p.m.**

- I. CALL TO ORDER**  
Pledge of Allegiance
- 2. PROCLAMATIONS, COMMENDATIONS, SPECIAL REPORTS, AND AWARDS**
- 3. CONSENT AGENDA** *(These items are considered to be routine, and therefore, will not be allotted Council discussion time on the agenda. The items may be passed by the Council in one blanket motion. Any Council member may remove an item from the “Consent” portion of the agenda for discussion or questions by requesting such action prior to consideration of that portion of the agenda.)*
  - A. City Council Minutes of the June 6, 2006 Work Session**
  - B. Modification to 42<sup>nd</sup> Avenue Sidewalk and Stormwater Project - Transfer of Appropriation and Award Expanded Construction Contract -- Resolution**
  - C. ODOT Pedestrian and Bicycle Grants, FY 2008/2009 for the Construction of Sidewalks and Bike Lanes on Logus Road -- Resolution**
  - D. Lake Road Waterline Improvements Phase 2**
  - E. OLCC Application for Albertson’s, 10830 SE Oak Street (Change of Ownership)**
- 4. AUDIENCE PARTICIPATION** *(The Presiding Officer will call for statements from citizens regarding issues relating to the City. Pursuant to Section 2.04.140, Milwaukie Municipal Code, only issues that are “not on the agenda” may be raised. In addition, issues that await a Council decision and for which the record is closed may not be discussed. Persons wishing to address the Council shall first complete a comment card and return it to the City Recorder. Pursuant to Section 2.04.360, Milwaukie Municipal Code, “all remarks shall be directed to the whole Council, and the Presiding Officer may limit comments or refuse recognition if the remarks become irrelevant, repetitious, personal, impertinent, or slanderous.” The Presiding Officer may limit the time permitted for presentations and may request that a spokesperson be selected for a group of persons wishing to speak.)*

5. **PUBLIC HEARING** *(Public Comment will be allowed on items appearing on this portion of the agenda following a brief staff report presenting the item and action requested. The Mayor may limit testimony.)*

**None Scheduled**

6. **OTHER BUSINESS** *(These items will be presented individually by staff or other appropriate individuals. A synopsis of each item together with a brief statement of the action being requested shall be made by those appearing on behalf of an agenda item.)*

A. **Street Maintenance Program Recommendation – Resolution (Katie Mangle)**

B. **Council Reports**

C. **Authorization to Execute a Purchase and Sale Agreement to Acquire Real Property at 11100 SE McLoughlin Boulevard – Resolution (Kenny Asher)**

7. **INFORMATION**

8. **ADJOURNMENT**

**Public Information**

- Executive Session: The Milwaukie City Council will meet in executive session immediately following adjournment pursuant to ORS 192.660(2)(e) to deliberate with persons designated by the governing body to negotiate real property transactions.

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.

- 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.

# AGENDA

## MILWAUKIE CITY COUNCIL JULY 18, 2006

MILWAUKIE CITY HALL  
10722 SE Main Street

1986<sup>th</sup> MEETING

### REGULAR SESSION – 7:00 p.m.

- I. **CALL TO ORDER**  
Pledge of Allegiance
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3. **CONSENT AGENDA** *(These items are considered to be routine, and therefore, will not be allotted Council discussion time on the agenda. The items may be passed by the Council in one blanket motion. Any Council member may remove an item from the “Consent” portion of the agenda for discussion or questions by requesting such action prior to consideration of that portion of the agenda.)*
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  - B. **Modification to 42<sup>nd</sup> Avenue Sidewalk and Stormwater Project - Transfer of Appropriation and Award Expanded Construction Contract -- Resolution**
  - C. **ODOT Pedestrian and Bicycle Grants, FY 2008/2009 for the Construction of Sidewalks and Bike Lanes on Logus Road -- Resolution**
  - D. **Lake Road Waterline Improvements Phase 2**
  - E. **OLCC Application for Albertson’s, 10830 SE Oak Street (Change of Ownership)**
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**Public Information**

- Executive Session: The Milwaukie City Council will meet in executive session immediately following adjournment pursuant to ORS 192.660(2)(e) to deliberate with persons designated by the governing body to negotiate real property transactions.

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.

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## MINUTES

### MILWAUKIE CITY COUNCIL WORK SESSION JUNE 6, 2006

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

Council Present: Councilors Barnes, Collette, Loomis, and Stone.

Staff Present: City Manager Mike Swanson, Resource and Economic Development Specialist Alex Campbell, Community Development/Public Works Director Kenny Asher, and Engineering Director Paul Shirey.

#### **Metropolitan Transportation Improvement Plan**

**Mr. Campbell** reported the City of Milwaukie submitted three pre-applications for this federally-funded Transportation Enhance (TE) grant program. These were the 17<sup>th</sup> Avenue bike/pedestrian connection, Lake Road Multi-Modal Phase 2, and Kellogg Lake dam removal. Metro was enthusiastic about the dam removal that would create seven miles of access to creek habitat for endangered and threatened species. Metro looked at projects throughout the region, and there was significant value placed on the dam removal project.

The Army Corps of Engineers had found that the habitat benefits were very high because the ladder did not allow fish passage during most of the year, and the dam made the Lake very warm. The Corps looked at the dam as being integral to the bridge. He noted the funds that Congressman Blumenauer had secured were not spent because the Corp was so backed up with its projects. If the Corp were able to continue, its next step would be a cost benefits analysis between the expense to replace or reinforce the bridge and the habitat benefits. They felt there would be some savings in doing the tie back or reinforcement approach. One of the additional benefits from reconstruction would be buy-in from the Oregon Department of Transportation (ODOT) if it got a new bridge. This project would improve the possibility of a below-grade pedestrian connection under the bridge with improved curbs and sidewalks.

**Councilor Stone** asked if that was why the project qualified for Metropolitan Transportation Improvement Program (MTIP) funds.

**Mr. Campbell** said as a project the dam removal was very competitive. The feds fund projects that ameliorate habitat destruction as part of a transportation infrastructure.

**Councilor Stone** asked what fish and a dam had to do with transportation funding. She was trying to tie it in to all of the other stuff.

**Mr. Campbell** said the dam was integral to the bridge making the project eligible. It was not the case that the dam was there and a bridge was built over it. That was why it was eligible.

**Councilor Loomis** thought it seemed strange to him also for a couple of reasons. One was that they just talked about the Milport intersection, Island Station, Harmony Road, and King Road. The City was applying to restore habitat with transportation money. It sounded like it qualified, so he guessed it was not Milwaukie's problem but at the direction of Metro. The City was going to ask citizens for money to fix roads, but it was spending money on things like this. The whole Kellogg and removing the dam was the previous Council, and this Council had not talked about it.

**Councilor Stone** agreed.

**Councilor Loomis** had concerns with people who lived on the Lake but had not been involved. He knew some people, his son's friends, who lived on the Lake. He did not think people knew the difference in the view from those properties and what it looked like from McLoughlin Boulevard. Transportation money to remove the dam seemed bizarre to him.

**Mayor Bernard** said most money that went into transportation dollars was set aside for use on specific projects such as bike paths or sidewalks. He discussed culvert replacement projects that were required by law to improve fish habitat or access.

**Councilor Loomis** understood the MTIP money would not qualify on King Road.

**Mayor Bernard** replied it was a pocket of money that had to be spent in a certain way.

**Councilor Stone** asked why streets such as King Road would not qualify.

**Mr. Campbell** replied there was a pocket of money devoted to this type of culvert restoration. The City was not limited to applying for that pocket of money. Through this program, Milwaukie could look for other pockets of money, but this one was very competitive. He understood street maintenance concerns, but those were surface maintenance.

**Councilor Loomis** asked if this was a new Metro program.

**Mr. Campbell** said within the larger group of MTIP funds there were 13 programs. There was no program where a \$500,000 surface maintenance request would be competitive.

**Councilor Loomis** asked if these were federal or Metro-created programs.

**Mr. Campbell** Metro worked within the federal guidelines and set up buckets of money.

**Councilor Loomis** understood that if Metro wanted transportation money to fix roads, then they could do that.

**Mr. Campbell** replied Metro did have limitations. It was required to spend about half of the money on congestion management and air quality projects that encouraged people to get out of their vehicles. That was one of the hard and fast federal government rules. Half of the money could go to streets, but regionally surface maintenance was very different from something like an intersection improvement. He thought it was possible to go after money for intersection improvements with this pot of money but not surface maintenance.

**Councilor Loomis** pointed out there was no pedestrian and bike access on Harmony Road, and it was unsafe and asked if that would qualify for MTIP funds?

**Mr. Asher** explained there was a category for bike/pedestrian projects. So if one were talking about adding sidewalks and bike lanes, that was the 17<sup>th</sup> Avenue project for which staff was submitting a grant application. In Clackamas County there were about six other competitive projects. There was also a category for capacity enhancement, and Clackamas County was proposing additional lanes on Harmony Road. In that circumstance one of the criteria was that the project had to be in the Regional Transportation Plan (RTP) as well as in the local Transportation System Plan (TSP). One of Milwaukie's constraints was that some of the projects named by Council were not in the TSP or RTP. The dam removal project, while it might be unusual, was competitive and eligible. As to its desirability, the City and Corps had been working on the project for the past five years. The process of consensus building would start to make sure this was something the Council and property owners wanted to see happen. The Corps had done some outreach, but there would be more to come in the process.

**Councilor Loomis** was not quarreling on that point. He was trying to make it clear the Metro had set up a pot of money for removing a dam rather than fixing a road, and with this project Milwaukie was eligible.

**Mr. Asher** explained there was a small percentage of federal funds set aside for that purpose.

**Councilor Stone** understood the City had sought money for Lake Road for many years, and the project had been on the back burner for at least 10 to 12 years. She had to wonder why Lake Road was not a priority because money was still needed for phase 2 preliminary engineering.

**Mr. Campbell** replied the City was still in the process of scoping the first phase, which made it a challenge to request money. It was a challenge staff could work to overcome if Council directed.

**Councilor Stone** said several years ago the Council testified for that particular project and had been trying to get money. Some money was earmarked for it. It was bike and pedestrian enhancing, and she wanted to see it get done. She wanted to see it as a priority.

**Mr. Asher** said this was a priority discussion the Council needed to have. Sidewalks and turn pockets and safe routes to schools would be created on Lake Road with last year's federal earmark. Part of the strategic thinking was that while it was not totally funded, it at least went over the threshold to make Lake Road happen. It might not happen with as many street trees and may not happen for the entire length, but \$4 million would help a lot. The City could ask for more, but it might be less competitive because the City was not sure what it was going to do with the first \$4 million.

**Councilor Stone** asked how this could be less competitive. She understood phase 2 was not very clear, but how could it be less competitive if the City was trying to finish up a project. The City got the money and was doing the project but needed additional funds to finish it.

**Mr. Asher** replied there was a competitive advantage because the City already got some funds. The consultant was working on a prospectus to determine what could be done with those funds. There might be fewer improvements over the entire length, or it might be a shorter project with all of the improvements. Outreach with the neighborhoods had not taken place yet. That project was happening now, so it was difficult to make strong claims there was a phase 1 that outlined the steps in phase 2. Anyone who looked into the project would know that the City still had work to do.

**Councilor Stone** asked how much time the City had to spend the money.

**Mr. Campbell** replied that it depended on the program.

**Mr. Asher** added this was 2010 – 2011 funding, so projects were programmed into one of those years. He would look into the expectations regarding use of the funds.

**Mr. Campbell** thought the other challenge with Lake Road was that the high priority parts of the project would be done in phase 1 that addressed safety issues around the school and resurfacing. The City would not be terribly credible going for phase 2 because the most critical parts of the project would likely be done.

**Mr. Asher** commented Lake Road could be a priority. It was on the short list, but staff felt spreading out the money might be a better way to go.

**Councilor Barnes** thought it might be a policy issue. She asked how staff came up with these three projects to begin with and was there a way Council could sit down with staff and talk about key areas for funding. She understood the issues of this situation. When one applied for a grant and got only part of it, then the decision had to be made on how to use the funds. She thought staff would go after additional funds to finish the project.

**Mr. Asher** said the City could look for additional funds through Blumenauer's office since it was a federal process that repeated. As to the policy question, Mr. Campbell had spoken with Council on previous occasions to keep the members abreast of the decision-making at

the staff level. Staff did address the Council not the three projects that were being considered. When one looked at the eligibility criteria, the list was short. He thought there was some creative thinking just to have three. The projects had to be multi-modal, in the financially constrained RTP, and competitive. When those three filters were applied, the list was not long. He asked if Council wanted to discuss this at a regular meeting.

**Mr. Campbell** added that the City would update its TSP, which was the ideal forum in which to identify priorities. The current TSP was outdated making this round a little more ad hoc.

**Mr. Asher** said the application process occurred every two years, and Mr. Campbell was correct that the new TSP that would benefit from not only Council discussion but also the entire community.

**Mayor Bernard** explained the process began with 200% of the money already spent, and it was worked down to 100%. The only reason this project got on the list was because staff specifically went after it through Congressman Blumenauer. He liked Milwaukie and this project, so it was funded. The next round would go through a lot of scrutiny. Milwaukie applied for the dam removal project because it understood it was eligible.

**Councilor Loomis** thought it was clear why 17<sup>th</sup> Avenue and Kellogg were on the list. His frustration was that the streets in the whole area were bad, and money was being spent on these projects. He understood this was how to qualify and that there was a benefit, but he was frustrated because staff was going to come to Council and say the City needed to go to the citizens for money to fix the roads. Here transportation money would be used to remove a dam. There might be homeowners living on that lake that would not be happy with that project anyway. He understood, but that did not mean he had to like it.

**Councilor Stone** asked who made the determination about all of these little categories. Was it the federal government issuing the funds or was it Metro who was dispersing the funds?

**Mr. Campbell** replied it was both. Metro worked within a set of guidelines established by the federal government. Metro looked at those and created a program that would remove culverts and dams to improve habitat.

**Mr. Asher** added this money was part of the State Transportation Improvement Program (STIP), which was ODOT. It was federal money allocated to the states. The states then carved out funds for each region, and the regional government administered those funds. Metro had a policy agenda that it clearly applied to those flexible funds. If Milwaukie were in a different region, then perhaps capacity projects would be apportioned for 80% - 90% of the projects. Milwaukie was not in a rural region. It was in the Metro region so there was a premium on multi-modal projects and other that met metropolitan goals. He did not believe local street maintenance was eligible from the start.

**Councilor Stone** thought there might need to be some policy adjustment at the regional level so these funds could be applicable to roads. The City was hurting and looking at raising taxes as Councilor Loomis said. Maybe there needed to be some policy discussion of how the funds were utilized.

**Mr. Asher** explained that was what the Joint Policy Advisory Committee (JAPCT) did twice each month. Funds were typically used for capacity needs, so Clackamas County got more roads while the City of Portland's street network was crumbling like Milwaukie's. There was a lot of attention on the policy level. At the end of the day there were 30 people sitting around that table with 30 different points of view with the Metro Council setting regional priorities. There were ways to influence the process, and Mayor Bernard attended the JPACT meetings regularly.

**Mayor Bernard** commented that Washington County was very good and well organized. That was why Clackamas County Coordinating Committee (C4) was created, but typically the

County got everything while the cities were knocked off the list. Blumenauer liked Milwaukie and its project, and that was why Milwaukie got the funding.

**Councilor Stone** agreed with Councilor Loomis in that federal money belonged to everyone and did not grow on trees. Everyone worked hard for his or her money, and now the City was asking people to pay more money to fix the roads. Their money was being channeled into other projects that were not really priority projects. She thought they needed to look at basic stuff and make sure maintenance needs were in hand before looking at this other stuff.

**Councilor Barnes** asked Councilor Stone if she did not wish to proceed with these projects.

**Councilor Loomis** said that was not what he was saying. He thought he had been clear that he understood the process. He was just trying to air his frustrations, and the question was answered that it was Metro's direction. It would be different if Milwaukie were in a different region, and that was the answer he wanted to hear.

**Mr. Asher** responded further to Councilor Stone. At the last JPACT finance meeting there was a lengthy discussion about how the region could put a package together for the legislature to consider in 2007 to raise the gas tax and/or vehicle registration for the first time in 13 years to go toward operations and maintenance. This was a discussion that had been going on for some time, but the region had never been successful in doing it. The point was that those discussions did happen. They were happening at high levels of staff, ODOT, Metro, TriMet, Portland, and the cities of Clackamas County. These were difficult discussions, and the track record was not very hopeful. He agreed it was a crying need in the area, and everyone needed to do better to get the dollars in place. The City of Milwaukie was a little guy in this, and it was only as good as its partners. He thought the City's job was to be as entrepreneurial as possible to take advantage of the opportunities it saw and to do its best to be heard.

**Mr. Swanson** said technically it was the Metro Council that made the decisions based on the input from all of the local jurisdictions. It was rare the Council went against those. JPACT was made up of local elected officials in the region who in the end did in fact control the Metro Council decision.

**Mr. Asher** added that the Clackamas cities' representative was Lynn Peterson, Councilor from Lake Oswego, and County Commissioner Bill Kennemer also sits on the Committee. Mayor Bernard is the alternate.

**Councilor Stone** thought Metro should send out a survey to citizens in terms of what they saw as priorities for this kind of money.

**Mr. Asher** added the RTP would be going through a significant update. He attended the C4 Technical Advisory Committee (TAC) where they got to the 200% list that included about \$16 million for Clackamas County that would probably ultimately net about \$8 million or less. These two projects were on the list in the amounts described in the staff report subject to a resolution. The 17<sup>th</sup> Avenue and Kellogg Lake Dam projects were the two that were supported. There would be two resolutions at the next meeting unless Council directed otherwise. Staff would seek letters of support from the neighborhoods, property owners, and other interested stakeholders.

**Councilor Loomis** wanted to make sure that people living on Kellogg Lake were included.

**Councilor Stone** said her top two would be 17<sup>th</sup> Avenue and Lake Road. She really wanted to see Lake Road get completed. If it meant that with the money earmarked now then the project would have to be tweaked so that not all of it could be completed or not all the amenities, then it should be looked at. It should be a priority. The Lake Road Multi-Modal Study was done years ago, and the City had been after funding for the past several years. It was finally getting somewhere.

**Councilor Barnes** agreed but understood the political position. She was sure the City could look for and move forward on seeking additional funding sources for Lake Road.

**Mr. Asher** said the City could go back at the next authorization bill. Those were also very competitive, but staff would take any Council direction.

**Councilor Loomis** asked when the consultant would have a report on Lake Road.

**Mr. Shirey** replied at the end of June.

**Mr. Asher** said this application was due June 30, so staff needed to know which projects to carry forward.

**Councilor Stone** had reservations about the Kellogg Lake Dam removal and understood staff's explanation of why it qualified. She did have concerns that the City was going for this money before there was even any outreach.

**Mr. Campbell** understood there were some public meetings in 2002 when the Corps project was first begun.

**Councilor Stone** said that was four years ago. That seemed like it was old data. She was concerned about that. She had reservations because people bought their property because it was on the Lake.

**Mr. Asher** said he and Mr. Campbell had been working with Ms. Herrigel who managed the Corps project. She was the conduit of public opinion that there were people on the Lake who supported the proposal although it was likely not unconditional support. Ms. Herrigel had not said she knew there were people living on the Lake who did not want to see this happen. He heard there was support for a restoration project that would include trails and wildlife habitat. Councilor Stone was correct that there had not been an outreach on this application, but there was a history provided by Ms. Herrigel. It was entirely possible that neither of these projects would live to see the 100%. The reality was that Milwaukie would be hard pressed to keep both projects on the list. Just because it was put in did not mean the City was going to get it.

**Councilor Stone** said the fact that Metro liked the Kellogg dam removal sent some pretty positive vibes that it was going to get picked.

**Mr. Asher** said Metro staff liked it and hopefully the Metro Council would too, but it had to go through JPACT which had 28 people who were fighting for their own projects. The fact that staff sent some positive signals was hopeful, but it was hardly a slam-dunk. Milwaukie could try for it or pull it now. That was up to the Council.

**Councilor Stone** understood the consultant would be done at the end of June on the phase 2 examination of the Lake Road project.

**Mr. Campbell** replied it would be the prospectus for phase 1.

**Councilor Stone** said the City would then know what it needed in terms of money for phase 2. She asked if it was impossible to meet that deadline and apply for the Lake Road project by the end of June.

**Mr. Asher** replied staff could prepare three applications and submit two. It was a lot more work for staff, but that was what would happen if that was what Council wanted. Some other projects would not get done.

**Councilor Stone** asked if the applications had been started.

**Mr. Campbell** replied he had been working on all three but given the uncertainty of Lake Road, he had not done that much.

**Councilor Stone** said if the City could home in on some certainty by the deadline, she would support it.

**Mayor Bernard** thought there was no question that trying to improve the environment by restoring the creek was a priority. There was a park named on that site, so it was a priority. 17<sup>th</sup> Avenue would be a priority because of the trail and had a better chance than Lake Road although he supported that project. He thought staff was making the right recommendation and urged staff to do what it could. He asked what would not get done if staff prepared the three applications?

**Mr. Campbell** would spend less time on business outreach in the next three weeks.

**Mr. Asher** said the other risk was that Milwaukie might spread itself thin in terms of performance on the applications. They were not easy to write, and the pool was very competitive. The same resources would go into either two applications or three, and he was not sure the City would be putting its best foot forward by spreading itself too thin.

**Councilor Stone** asked if the consultant would help.

**Councilor Barnes** said if it came down to it, she would agree that Lake Road had a higher priority than 17<sup>th</sup> Avenue, yet this was politically more advantageous. She understood the City would look for other funding sources and was not giving up on Lake Road. As for the Kellogg Lake situation plenty of people said they loved the area and wanted it restored for the habitat. Council heard that for some time, and she understood many people living in that area were supportive. She supported 17<sup>th</sup> Avenue and the Kellogg Dam removal because that was where the City had to be politically at this time. She felt the City should commit to following up on additional funding for Lake Road. She agreed with Mr. Asher that these applications took an incredible amount of time to prepare, and she appreciated staff's work.

**Mr. Asher** understood Mayor Bernard and Councilor Barnes supported 17<sup>th</sup> Avenue and the Kellogg Dam removal. Councilor Stone prioritized Lake Road and 17<sup>th</sup> Avenue.

**Councilor Loomis** would support 17<sup>th</sup> Avenue and the Kellogg Dam removal as long as there was outreach to the homeowners with reports to Council. He requested an update on the entire project as he was not on Council when that took place.

**Mr. Asher** would keep Council informed of any outreach meetings.

### **Texaco Site Committee Process**

**Mr. Asher** provided the latest schedule for the development offering process on the Texaco block. This was the point at which the Council was asked to authorize a process for putting an advisory group into place. They were in the middle of setting up the advisory group with a kick-off meeting/tour on July 20 with a draft request for proposals (RFP) prepared this month for distribution at the beginning of August. Developer interviews would be on September 22 and a recommendation on September that would go to the Council at the beginning of October. Milwaukie owned half the site on the Main Street side, and Metro owned the other half of the site that abutted McLoughlin Boulevard. Neither Metro nor the City wanted to develop one half without the other, so they were in this together. The City had goals it would like to meet in the development of that block, and Metro had its goals.

The idea for the Advisory Committee was to help Mr. Asher and Mr. Whitmore. It would ensure there were another set of eyes as they went through the process and reviewed the development proposals. The Committee would also look at the proposals let the project management group know what the members did and did not like. Part of the process involved getting up to speed with what type of project this would be. This was a mixed-use project in a town center, which was not quite urbanized yet. It was a really high profile project for both Metro and the City. It had two important sides – Main Street and McLoughlin Boulevard – in terms of high visibility. Being mixed-use there would be retail/commercial on

the ground floor and housing above plus whatever else might be proposed. For all those reasons, it was not the suburban office building or a tract housing project, so it would take some education in how to go about going out to the development community. The Milwaukie and Metro Council's would share on making the final decision. There would be no project on the site unless both agreed to a development proposal.

This Committee was to ensure that staff was not on some wayward path and not taking into account the community. Committees were good for that sort of thing, but that was not the only base-touching that needed to happen during the process. A similar structure was used during the North Main Village process and done successfully. This partnership is unusual in that it was 50/50 between the City and Metro. The City would not be able to develop a project without Metro's agreement, and the same held true for Metro. While he thought most of the goals were compatible there may be some tension around the height and size of the building and maybe parking. From a policy objective Metro wanted to create regional centers and town centers and corridors that worked between them. The region did not want to expand the urban growth boundary (UGB) every ten years or have infill in all the neighborhoods. It wanted to create centers, and Milwaukie was a town center. To the extent that the Milwaukie town center can thrive with buildings of some height and a certain amount of density to accommodate some of those million people who will come to the region to live. The City also wanted a vibrant downtown and without a certain amount of density that cannot happen. At the same time Milwaukie was not a high-rise place. Main Street had a certain scale. The history and culture were a certain scale with certain expectations and feel downtown even today. Traffic and parking were on everyone's minds. Mr. Asher thought there needed to be a place where people could talk about that sort of thing and make sure it was straightened out before it ever came to the City Council or the Metro Council. The idea was hatched that there would be an advisory committee that would have representation from both the City and Metro. He was seeking authorization to find four people in the City who would be nominated by the Council and Planning Commission and appointed by the Mayor and Planning Commission chair with Council ratification. He thought the manner in which these people were selected was important. He did not want to have a situation at the end of the day when some people were making a recommendation if the Planning Commission and half the Council did not feel the process had been legitimate or transparent. This was a little more process than he would typically rely upon, but he felt this site had the potential of raising concerns. It had the potential of being a controversial project. He hoped it was not. He hoped the community could rally and unify around a concept. What was there today – a parking lot and market with nice trees – would not be there any more. He thought it was his job to make sure everyone including the Planning Commission was in agreement on important steps of the process. He outlined the proposed process. He would ask the Council to ratify the appointees at the next June meeting that Mayor Bernard and Planning Commission Chair Klein selected. Metro would go through a similar process. The staff report spoke to an equal distribution of members. He had already heard concerns from the community about that balance, and he had tried to discover what that concern was really about because there was no controversy yet. It was not as though the City had been pushed around by Metro on this project in any way. So far it had been nothing but collaborative. He felt the City should continue to assume the best. Because this was not a voting committee and was advisory to staff, he felt secure that whether there were three people from Metro or four people from Metro the job would get done. He felt it was most important to ensure there were four good people representing Milwaukie. Because of the concern he heard in the community, Mr. Asher asked Metro how it felt since this was not a voting committee. Metro staff took the question to the planning director and Metro Councilor Newman. Already he thought there were some concerns about the partnership. He thought four was a good number for Metro to appoint, and the process outlined in the staff report would be a good one and keep the project on schedule.

**Councilor Stone** asked what the qualifications were.

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**Mr. Asher** referred to the charge and job description on the last page of the staff report. It did address qualifications, but the Council could discuss what it thought was important. The most important thing to him in terms of qualifications was that these were people the Council believed had integrity and who at the end of the day the Council could hear a recommendation without wondering if there were another agenda operating. He did not think an architectural background or real estate development knowledge and skills were quite so important as the quality and character of civic commitment, fair-mindedness, and being able to participate in a committee structure where people were not pushing agendas and were willing to recognize the partnership with Metro. He would want good people who would do right by the City and who the Council believed in.

**Councilor Stone** said with all due respect – she did not mean to be antagonistic – Metro has its agenda and certainly had stuff they would be pushing. So when Mr. Asher said that she chuckled because Metro did have its own ideas about what it would like to see.

**Mr. Asher** wanted to make one point clear. Metro's agenda was not going to be to push the building as tall and as dense as it can. The intergovernmental agreement (IGA) says the building will be between four and six stories. He did not want to minimize that difference but he believed Metro wanted a well-designed project that got built and sold. It was looking to make a market here and taking the next step from what Tom Kemper was able to do with North Main Village to make this town center work. From what he gathered they wanted a successful collaboration with the City of Milwaukie. It would not help them in any way to be sword fighting with a local jurisdiction where it was trying to create a center. He appreciated to point and did not mind debating it. He did not think there were any pedagogical or ideological agendas that Metro was trying to foist on Milwaukie where it had to be in a defensive posture. He thought Metro wanted what Milwaukie wanted which was a high quality project of four to six stories that they could be proud of.

**Councilor Stone** said if everything stayed on track then developers would be interviewed with a recommendation by the end of September. She understood this was only about this one block.

**Mr. Asher** said that was correct barring some unforeseen proposal.

**Councilor Stone** said Stan Link came to the City in November and wanted to show his design for two blocks.

**Mayor Bernard** said that block had been purchased.

**Councilor Stone** was getting back to what was discussed at that work session about whether that would be feasible that Metro might consider collaborating with a private developer on that block too and Mr. Asher had said 'yes.'

**Mr. Asher** recalled that it was said that if someone could assemble the two blocks – the request for proposals (RFP) would be written to allow for a larger project. If someone were capable of doing that it would be considered. That was the discussion he recalled. That possibility would not be foreclosed upon when it came time for the competition. The answer to Councilor Stone's question was 'yes' that could be done. The RFP would still allow for that.

**Mayor Bernard** said another suggestion was that Metro might have someone in its group that lived in Milwaukie.

**Mr. Asher** said that was discussed. Metro's participants would be people who somehow represented or helped in the Centers Program. It could be developers who had done similar projects or someone from the transit-oriented development (TOD) steering committee. It could be architects who had done these types of project. He believed the group would be made up of professional types who understood this kind of development as opposed to Metro

staff or employees. It might also be that Metro would have a hard time coming up with someone so could use staff.

**Councilor Stone** asked if the Council would get to see a list of candidates before Metro actually appointed people and vice versa.

**Mr. Asher** replied that had not occurred to him. He told Metro the City would have its committee members by the end of June. This was a little farther out of the box than for Milwaukie because Metro did not have a geographical community to draw on. Metro committed to having its members appointed by July 5 so the project would be kicked off in the middle of the month. He asked that any nominations be sent to him for Mayor Bernard and Jeff Klein's review.

**Councilor Loomis** still had questions on the committee itself. It seemed unusual. He understood four people would be chosen to represent Milwaukie's interests.

**Mr. Asher** thought the Council would be selecting four people who could help with this job.

**Mr. Swanson** said the City wanted four people who would discharge the responsibilities. The responsibilities did not really speak to any one organization. The group would be made up of eight people who were going to be able to respond to those tasks.

**Councilor Stone** asked how many meetings there would be.

**Mr. Asher** anticipated there would be five meetings.

**Councilor Loomis** understood Mr. Asher said there was a possibility of this being controversial. He asked why Council was not more involved. Why was it not being done like regular committee people? Why would they not come before Council for an interview and Council select them? Why were we recommending and sending the names to the Mayor and Planning Commission Chair? It seemed unusual to him.

**Mr. Asher** said it probably was unusual in the sense this had not been done that many times before and there was no process. There were an infinite number of alternatives, and he was open to any of them. If the Council wanted a more formal process that would stay with the process that was great. He did not have any issue there at all. He was looking for a process that would allow the City to move forward on the schedule and give enough transparency and involvement from Council without having to wait for nominees, interviews, and appointments.

**Mayor Bernard** commented there was only one meeting to do that in.

**Mr. Asher** was not opposed to any alternative. This was just one.

**Councilor Stone** said in keeping with the charter in terms of how the City Council appointed people to other boards and commissions that was with the consent of Council.

**Councilor Barnes** understood this was a working group.

**Councilor Stone** this was still consistent. She would feel fine with that to do it that way.

**Councilor Loomis** asked why he did not want Council involved in the process. Why did he want four citizens rather than Council involved?

**Mr. Asher** said ultimately the Council would need to vote on the recommended development at the end of the process. He thought it would be more difficult to be involved in the process and the recommending of the developers and talking to the developers and getting into that kind of work and then being an objective representative of the community at the end of the day to make the selection. He thought that was starting to cross roles that he would not recommend.

**Councilor Loomis** said being on Council was not comfortable with a lot of situations. One that has come up a lot was when Council did give things to committees that were

controversial, they did not have all the background. They were searching through things and trying to find out what the issue really was. He had concerns about that. He had concerns about not being more involved in picking who was on this committee. If it was going to be four people and this had the potential for being controversial, then he would like to have more input instead of just the Mayor and the Planning Commission Chair making the appointments.

**Councilor Barnes** thought as Councilors it was important to explain to those two people why they thought the people they were nominating were important and why. It was a matter of letting Mayor Bernard and Jeff Klein know why this person was important to be on the committee. She thought the process would be really clear that way.

**Councilor Loomis** said it was people the Council knew. Why was it not open to any one who wanted to be considered?

**Councilor Barnes** just come up with people you thought would come to the table with an open mind and who would understand the conditions leading to a good decision. Go through the process in a way that there was no agenda, and that people on the committee could be trusted to bring information to the Council to make its decision based on clear thinking – no agendas. Was there someone in Milwaukie you knew who would go through the process with a clear head and a clear mind with the best representation of Milwaukie as possible. Recommend that person to Mayor Bernard and Mr. Klein and move forward. She could think of several people she would recommend.

**Councilor Stone** did not think that was Councilor Loomis's point. He was wondering why people could not just put their name in the hat for the committee.

**Mayor Bernard** said the process was open.

**Mr. Asher** said that was what was happening. He proposed the appointees were brought back to Council so that Council, not the Mayor and the Planning Commission Chair, would have the final say. He thought that was important. When talking about people in the community and the debate of who was and who was not qualified might not be the best thing. He thought a less formal process might get the same result with a little less public interrogation of people's qualities. It was for the Council to decide. He believed it gave Council enough control, he hoped, to feel like the committee members would do a good job.

**Councilor Stone** asked when they came forward with the list then the Planning Commission would appoint one or two. Is that what was envisioned?

**Mr. Asher** said Mayor Bernard and Mr. Klein would come up with four names they were comfortable with.

**Councilor Stone** would like to see more than four if the Council had the ultimate decision there may be other names ... If they came with four, then you had to accept them. She would like to see the roster and do that together as a Council and do it with consensus as a Council. That was the process she would like to see.

**Mr. Asher** was happy to do any process the Council directed. That was a different process than being proposed, but he wanted to know what Council wanted.

**Councilor Loomis** liked that idea better – that Council made a recommendation to Mayor Bernard and Mr. Klein that those people met the criteria and came back before Council. Then the Council would pick the four. The Council would send recommendations to Mayor Bernard and Mr. Klein, and they could look through them. They could look at the list and pick as many as they felt were qualified.

**Mr. Asher** understood Mayor Bernard and Mr. Klein would narrow the list, and Council would ultimately select four.

**Councilor Stone** wanted to see the list.

**Mr. Asher** said the Council in a consensual way would narrow the list down to four.

**Councilor Stone** said it should be done in a public work session.

**Councilor Loomis** suggested just bringing back those names that met Mayor Bernard's and Jeff Klein's standards and interviewing them followed by a discussion.

The group discussed the application process.

### **Library Board Work Plan**

**Pat Lent**, Ledding Library Board Chair, provided a brief summary of the work plan process and goal status. The process was truly a team effort on the part of the Library Board. At the first meeting of 2006, Ms. Lent asked each board member to submit a draft of a work plan via e-mail to be compiled at the February meeting. The drafts were to include long- and short-term goals and accomplishments. When the Board met in February, it used the time as a work session, and the final draft contained each member's suggestions. Ms. Lent reviewed the goals.

At its March meeting, the Board chose to develop details for short-term Goal #1 – reactivating the advocacy program, which meant giving talks at the various neighborhood association meetings. At the April Board meeting, a formal schedule was devised for the year with two talks per neighborhood per year and a talking point slate. The monthly newsletter would be used to give action steps to Goal #3 – distribute the monthly newsletter on a wider basis. Goal #2 – review of the proposed budget was completed, and almost all of the members attended the first Budget Committee hearing where Ms. Lent presented staff and Board expectations and explanations of the budget items. Library staff was working on wider distribution of the newsletter by putting it on the website and putting copies on local businesses. The Board believed that if the general public was educated as to the services available at the Ledding Library that it would be more willing to give financial support when the time came. The 4<sup>th</sup> short-term goal was to have one fundraiser for operating expenses, and 7<sup>th</sup> was to use cable TV access extensively. Those two goals were scheduled for action steps at upcoming Board meetings. Goal #5 was to improve Library staff appreciation, and #6 was to develop a City staff appreciation plan. Goal #8 was to coordinate with facilities for Library access. Kelly Somers or someone from his staff has spoken to the Board about the parking lot expansion, the North Main project, planning for street repairs, and possible library expansion.

The Ledding Library Board has been highly supportive of LNIB and will continue to participate and cooperate in the Friends of the Ledding Library efforts. Goal #4 was to complete the Ledding Library Foundation that was initially set up to help finance expansion and secondarily operations. The Board was waiting under the guidance of the Foundation Chair Greg Chaimov for the IRS response to the application for non-profit status. The Board would meet in September to review and revise the Ledding Library long-range plan formed in 1999-2000. The Board would specifically revisit the expansion plan published in 2001 and the preliminary drawings that showed using the current footprint and extending to Harrison Street. Obviously many changes had taken place to alter that vision and particularly the recent purchase of the house across the pond. The Board has chosen to have several workshops reassessing the expansion program. Once the modifications were made for the house to be ADA compliant, the hopes for a meeting space and Friends' store may be fulfilled until further details were studied.

**Councilor Stone** asked what kind of programs were envisioned for cable television.

**Ms. Lent** replied the Board would develop some action steps related to that goal, so that had not been discussed.

**Councilor Loomis** asked why there was a tarp on the house.

**Mr. Swanson** thought it was part of the ADA remodel.

**Mayor Bernard** adjourned the work session at 6:45 p.m.

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Pat DuVal, Recorder



To: Mayor and City Council

Through: Mike Swanson, City Manager and  
Kenny Asher, Community Development/Public Works Director

From: Paul Shirey, Engineering Director

Subject: Modification to 42<sup>nd</sup> Avenue Sidewalk and Stormwater Project -  
Transfer of Appropriation and Award Expanded Construction  
Contract

Date: July 6, 2006 for July 18, 2006 City Council Meeting

Action Requested

Approve the resolution transferring appropriation and authorizing the City Manager to sign a contract and purchase order to expand the balance of the 42<sup>nd</sup> Avenue Sidewalk and Storm Project with D&D Concrete and Utilities Inc. in an amount not to exceed \$52,500.

Background

On July 6, 2006 the City Council approved a reduced bid award for the 42<sup>nd</sup> Avenue Sidewalk and Storm project to D&D Concrete and Utilities Inc. in an amount not to exceed \$437,500. The bid award was reduced by cutting several small items in the project to come within the engineer's estimate and existing budget. The full bid for the project was \$490,000. The items that were cut from the project can be restored through a resolution of the City Council making additional appropriations available. Staff recommends that the additional appropriation be made available from the Contingency categories of the Streets/State Gas Tax Fund and the Transportation SDC Fund.

Oregon Local Budget Law allows a governing body to transfer appropriation authority by passing a resolution or ordinance (ORS 294.450(1)&(3)).

Concurrence

The Finance Director and Legal Counsel concur with this action.

Fiscal Impact

The action transfers existing appropriation authority from the Contingency category to the Capital Outlay category of the Streets/State Gas Tax Fund and the Transportation SDC Fund. It also expands the contract award to D&D Concrete and Utilities Inc. to a total of \$490,000.

Work Load Impacts

The project is part of the existing work plan.

Alternatives

- Approve the resolution transferring appropriation authority and awarding the expanded contract as proposed.
- Modify the resolution and bid award.
- Take no action.

Attachments

Resolution

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, TRANSFERRING APPROPRIATION AUTHORITY AND EXPANDING A BID AWARD**

**WHEREAS**, on July 6, 2006 the City Council approved a reduced bid award for the 42<sup>nd</sup> Avenue Sidewalk and Storm project to D&D Concrete and Utilities Inc. in an amount not to exceed \$437,500; and

**WHEREAS**, the bid award was reduced by cutting several small items in the project to come within the engineer's estimate and existing budget; and

**WHEREAS**, the items that were cut from the project can be restored through a resolution of the City Council making additional appropriations available; and

**WHEREAS**, Oregon Local Budget Law allows a governing body to transfer appropriation authority by passing a resolution or ordinance (ORS 294.450(1)&(3)); and

**WHEREAS**, the City Council desires to expand the previous bid award to D&D Concrete and Utilities Inc. from the previous amount of \$437,500 to a total amount of \$490,000.

**NOW, THEREFORE, BE IT RESOLVED** as follows:

1. The transfer of appropriations in the Streets/State Gas Tax Fund and the Transportation SDC Fund is hereby approved as follows:

	From:	To:
Streets/State Gas Tax	Contingency \$22,500	Capital Outlay \$22,500
Transportation SDC	Contingency \$30,000	Capital Outlay \$30,000

2. The bid award to D&D Concrete and Utilities Inc. is expanded by \$52,500 to a total award of \$490,000.

Introduced and adopted by the City Council on July 18, 2006.

This resolution is effective immediately upon passage.

\_\_\_\_\_  
James Bernard, Mayor

APPROVED AS TO FORM:  
Ramis, Crew, & Corrigan, LLP

ATTEST:

\_\_\_\_\_  
Pat DuVal, City Recorder

\_\_\_\_\_  
City Attorney



To: Mayor and City Council

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

From: Alex Campbell, Resource and Economic Development Specialist

Subject: ODOT Pedestrian and Bicycle Grants, FY 2008/2009

Date: July 5, 2006 for July 18, 2006 Regular Session

#### Action Requested

Approve resolution authorizing submittal of a grant application to ODOT for construction of sidewalks and bike lanes on Logus Road.

#### Background

ODOT has \$5 million in grant money available statewide for bicycle and pedestrian projects for Fiscal Years 2008/2009. Eligible projects include sidewalk infill, pedestrian crossings, intersection improvements, streetscapes, bike boulevards, and minor roadway widening for bikeways.

Project selections will be made by ODOT in the fall and the City, if successful, would be notified of a grant in January 2007. The first half of funds would be available July 1, 2007. Projects must be ready for construction by June 2008 and projects should be completed by October 2009.

Grants over \$500,000 are uncommon. Projects to address the needs of school children, the elderly, the disabled, transit users or "others not well served by the current transportation system" are given special consideration, as are projects with innovative design features or that add to the "quality of experience" for non-motorized transportation users.

Staff feels that the School Trip Safety Program-identified projects deserve prioritization and are likely the most competitive type of project for this grant program. Staff recommended pursuing funding for the Logus Road project at City Council work session on July 6. In addition to being identified by the STSP,

Logus Road is a frequent service bus route with a narrow cross-section. Logus Road sidewalks were proposed by the City of Milwaukie in the last round of Community Development Block Grant (CDBG) funding. At that time, there was considerable excitement around the prospect of the project. County staff has indicated a willingness to utilize unexpended CDBG funds in Milwaukie for Logus Road sidewalk improvements, because the project remains CDBG-eligible.

#### Concurrence

Community Services, Engineering, and Streets Departments have all been consulted and confirmed that constructing sidewalks on Logus Road is a long-standing high priority project that should be put forward for this grant opportunity.

#### Fiscal Impact

If successful, grant would require a 10% project match. Preliminary estimate of project cost is \$700,000. Local match would amount to \$70,000.

#### Work Load Impacts

Resource and Economic Development staff would complete application within regular duties.

#### Alternatives

Not applicable.

#### Attachment

Resolution

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, SUPPORTING A REQUEST FOR FUNDS TO THE OREGON DEPARTMENT OF TRANSPORTATION UNDER THE OREGON BICYCLE AND PEDESTRIAN PROGRAM FOR PEDESTRIAN AND SIDEWALK IMPROVEMENTS ALONG LOGUS ROAD AT SETH LEWELLING ELEMENTARY.**

**WHEREAS,** The lack of sidewalks on Logus Road has been a longstanding neighborhood concern; and

**WHEREAS,** The construction of sidewalks in front of Seth Lewelling Elementary was called for by the City's School Trip Safety Program; and

**WHEREAS,** The project will address an existing safety hazard on a narrow street that is both a bus route and a walking route for school children and others;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Milwaukie, Oregon:

Endorses the "Seth Lewelling Elementary Sidewalks" application for 2008-2009 Oregon Bicycle and Pedestrian Program Funds, authorizing staff to submit the application and provide a City match of 10% in Fiscal Years 2007/2008 and 2008/2009 to the project if awarded.

Introduced and adopted by the City Council on July 18, 2006.

This resolution is effective on June 19, 2006.

\_\_\_\_\_  
James Bernard, Mayor

ATTEST:

APPROVED AS TO FORM:  
Ramis, Crew, & Corrigan, LLP

\_\_\_\_\_  
Pat DuVal, City Recorder

\_\_\_\_\_  
City Attorney



To: Mayor and City Council

Through: Mike Swanson, City Manager  
Kenny Asher, Director of Community Development & Public Works  
Paul Shirey, Engineering Director

From: Brenda Schleining, Associate Engineer

Subject: Lake Road Waterline Improvements Phase 2 Construction Contract Award

Date: June 23, 2006 for July 18, 2006 City Council Meeting

#### Action Requested

Authorize the City Manager to sign a contract and purchase order for the Lake Road Waterline Improvements Phase 2 Project with Bill Booker Construction in an amount not to exceed \$229,559 (includes a 10% contingency).

#### Background

Phase 1 of this project was bid and built in 2005. Phase 2 includes replacing 1,850-feet of 6-inch lead joint waterline on Lake Road with 8-inch waterline from Oatfield to 37<sup>th</sup> and connecting to the 12-inch line at 37<sup>th</sup> Avenue.

The project is not identified in the Water System Master Plan. The need for the project was identified based on recent approved funding for street improvements on Lake Road along with information discovered since the 2001 Master Plan for Water was adopted. The Master Plan is nearly six years old, all the projects recommended in the plan have been implemented and the plan will be updated next year. The Lake Road waterline replacement project is a high priority for the following reasons:

1. The lead joints can leach lead into the water supply. Best Management Practices recommended by the American Public Works Agency (APWA) suggest removing lead from public drinking water.

2. There is a Multi-model construction project planned for Lake Road in 2007-2008. It is better to replace underground utilities prior to putting in new asphalt and concrete to avoid digging up new improvements
3. This project will be completing a loop of large diameter pipes around town. Large diameter pipes increase water quality and improve fire flow ability. A looped water system allows water to continually flow so debris does not build up.

This is the second time this project was bid out. When first bid in May 2006 one contractor did not supply a resident bidder form as legally required. All bids were rejected at that time and the project was bid for the second time. The low bid in May was \$218,000.

<b>Contractor</b>	<b>Amount</b>
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Kerr Contractors, Inc.	\$297,476.50
NW Kodiak Construction	\$224,981.17
D.M. Excavating	\$266,700.00
Dunn Construction	\$281,093.00
Bill Booker Construction	\$208,690.00

The City uses the Public Contracting Rules (PCR) as adopted by the City Council to select a contractor. Bidders were prequalified for utility construction and related work. The bids also contained a statement that prevailing wages will be paid and that contractors are resident bidder in the State of Oregon as defined by ORS 279.029. Contractors were also registered with the Oregon Construction Contractors board and included a list of their First-Tier subcontractors.

The City awards contracts to the lowest responsive bidder (defined in PCR 30.110 A). Bill Booker Construction was determined to be the lowest responsive bidder and staff recommends awarding the contract to that firm.

Concurrence

None.

Fiscal Impact

This project is in the 2006-2007 budget and CIP list. The engineer's estimate for construction was \$252,000. Project funds will come from the Water SDC fund 520 (\$110,000), Water Capital Fund 520 (\$142,000).

### Work Load Impacts

This project is part of the Engineering and Water Division's annual work program. Staff time on this project is approximately 80 hours for Engineering, 40 hours from Operations, and 6 hours for Finance.

### Alternatives

Delaying the project to a later date or not doing the project creates two significant problems. First, the winning bid is below the engineer's estimate and the amount in the Water Fund budget, representing a savings to the Water Fund. Second, Lake Road will be reconstructed in 2008 and all sub-surface utilities work needs to be completed in advance of the street project. Once the street work is complete, a five-year pavement cut moratorium will be applied on Lake Rd.

### Attachments

None



**To:** Mayor Bernard and Milwaukie City Council  
**Through:** Mike Swanson, City Manager  
**From:** Larry R. Kanzler, Chief of Police  
**Date:** June 27, 2006  
**Subject:** **O.L.C.C. Application – Albertson’s – 10830 SE Oak Street**

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**Action Requested:**

It is respectfully requested the Council approve the O.L.C.C. Application To Obtain A Liquor License from Albertson’s – 10830 S.E. Oak Street.

**Background:**

We have conducted a background investigation and find no reason to deny the request for liquor license.



To: Mayor and City Council

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

From: Alex Campbell, Resource & Economic Development Specialist  
Mike Clark, Water and Street Division Supervisor  
JoAnn Herrigel, Community Services Director  
Katie Mangle, Planning Director  
Brenda Schleining, Transportation Engineer  
Paul Shirey, Engineering Director  
Grady Wheeler, Public Information Officer

Subject: Street Maintenance Program Recommendation

Date: July 6, 2006 for July 18, 2006 meeting

### **Action Requested**

Direct staff to design, in collaboration with Milwaukie neighborhoods and businesses, a City of Milwaukie Street Maintenance Program ("Program") for Council action by December 31, 2006.

### **Report Organization**

This report includes background information on Milwaukie's street maintenance problem, along with possible solutions, general sentiments heard from the community regarding the problem and possible solutions, a recommendation for moving forward, and a general description of goals for a proposed Street Maintenance Program.

- I. Problem Definition & Possible Solutions
- II. Community Outreach and Response
- III. Recommendation
- IV. Proposed Street Maintenance Goals

Council should note that several appendices are included. The staff report summarizes the many aspects of this study; however Council is encouraged to consult the appendices for supporting detail. The appendices are arranged as follows:

- Appendix 1: EIS Pavement Management Options Report
- Appendix 2: Handout Materials (Conditions Summary)
- Appendix 3: Street Fund Indirect Costs (Breakdown Summary)
- Appendix 4: Comparison of Funding Options Studied
- Appendix 5: Public Survey Results and Meeting Notes
- Appendix 6: RTP Principles for Additional Street Funding
- Appendix 7: Illustrative 10 Year Program Budget
- Appendix 8: Maintenance Definitions

## **I. Problem Definition**

Milwaukie city officials are responsible for maintaining the urban infrastructure that supports the daily life of Milwaukie residents and businesses. Specifically, Milwaukie's municipal infrastructure (i.e. infrastructure under City control) includes 138 lane miles of paved roadway.

At a Council work session in May 2005, staff presented a *Street Assessment and Maintenance Needs Analysis* by the consulting firm of EIS, Inc. At that time, the consultant gave Milwaukie's overall street network condition a 67 rating (out of 100), which placed the City's street network in the upper range of the "satisfactory" condition. The consultant noted, however, that the cost of the city's deferred street maintenance was growing at an exponential rate, and that the City was not allocating sufficient funds to address street maintenance needs (see Appendix 1).

The City of Milwaukie is not alone in this predicament. The 2004 Regional Transportation Plan describes the problem this way:

Many jurisdictions in the region have traditionally relied on the State Legislature to increase the state gas tax a primary means of funding their transportation needs. As such, revenues from the State Highway Trust Fund, which is funded from the state gas tax revenues and related truck fees and vehicle registration fees, has become the primary source of transportation funding for many jurisdictions in the region. The problem the region is facing by relying primarily on this revenue source is that it is subject to two factors that reduce its purchasing power over time; inflation and increasing fuel efficiency. Therefore, the gas tax cost per mile driven in Oregon (in current \$) has decreased from 2.6 cents per mile in 1970 to 1.3 cents per mile today<sup>1</sup>.

In February 2006, City Council directed staff to study the street maintenance situation in Milwaukie and return in July 2006 with a recommendation that considered staff's "best sense of community acceptance or rejection of the options." A team made up of staff from Community Development, Engineering,

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<sup>1</sup> Regional Transportation Plan, Chapter 5: Growth and the Priority System, page 5-34.

Streets, Planning and Community Services began meeting in March 2006 to develop a problem statement and project strategy.

Staff examined previous citywide pavement management studies, budget histories, current street conditions, trends in revenue for street surface maintenance, and approaches taken by other Portland metro-area jurisdictions. The team arrived at the following problem statement, carefully crafted to frame the discussion with the community:

*Milwaukie's local streets are in a state of rapid decline, some have already failed, and funding is not adequate to turn the situation around. If nothing is done, the roads will worsen and the cost to remedy the situation will skyrocket.*

With a clear and limited definition of the problem (i.e. the project would not address sidewalks, traffic congestion, connectivity, etc.), staff put together a work program for understanding and then communicating the condition of the street network and Street Fund. These conditions are summarized in the following sections, followed by a summary of the community's response, and the staff recommendation.

#### Existing Conditions: Street Network

The City of Milwaukie retained an engineering company to conduct a visual pavement assessment of each city street in 2004. The visual inspection index showed Milwaukie streets with an average condition of 67, using a scale of 0-100 with 100 being most favorable. According to the 2004 study (conducted by EIS Inc., included as Appendix 1), 60% of Milwaukie's streets were in good condition, 17% were in satisfactory condition; and 22% were in fair to poor condition.

The 2004 data was combined with a 2006 staff score and the results of an earlier study to arrive at a "composite" condition score. (The earlier study, conducted in 1995, tested sub-surface conditions, which were not reflected in the 2004 assessment.) Pavement conditions were ranked again, based on the composite score, from one to ten and then divided into four groups, from poor to good. This ranking placed 55% of the street system in good condition, 18% in satisfactory condition, and 27% in the fair to poor category. (See page 4 of Appendix 2 for a complete list of the composite condition ranking for all Milwaukie streets.)

Good condition streets require the least costly preventive maintenance (crack sealing) in order to extend the useful life of the pavement surface. At the opposite extreme, many of the 27% of the streets in the fair to poor category require full reconstruction, which typically involves rebuilding the base and adding all new pavement. The 18% in satisfactory condition require rehabilitation, which typically involves grinding off the deteriorated top layer, adding a layer of "fabric," and a pavement overlay.

Based on the most recent bid prices for similar work in the City of Milwaukie, the estimated cost to crack seal good condition streets ranges from \$1.50 to \$3 per square yard. The cost to rehabilitate streets (grind, fabric, and pavement overlay) is estimated to cost \$32 per square yard. The cost to fully reconstruct a street is estimated from \$32 to \$70 per square yard, depending on the base depth, material, utility conflicts and need for curb replacement.

To reduce or eliminate the backlog of deferred maintenance would require a multi-year approach. A preliminary or illustrative 10 year program is described in Section IV. "Proposed Street Maintenance Goals" and appendix 7.

To substantially reduce the deferred maintenance backlog on major streets (including both rehabilitation and reconstruction projects), fully fund ongoing preventive maintenance, and monitor progress, staff estimates will cost approximately \$10 million (in 2006 dollars).

#### Existing Conditions: Street Fund

The Oregon State Gas Tax, which is assessed per gallon on motor fuels sold statewide, is the Street Fund's primary revenue source for flexible funding. The tax has not been increased since 1993. In current, non-adjusted dollars, Gas Tax revenues have remained fairly flat for the City over the last decade. In 1995-1996, for instance, the City's share of Gas Tax revenues was \$906,065; the projection for 2006-2007 is \$959,646.

While Gas Tax funding has remained largely flat, the cost of road construction and maintenance has increased substantially, particularly in recent years. According to the Federal Highway Administration's surfacing price index, \$128 worth of surfacing projects in 1995 would cost \$215 today.<sup>2</sup> Clackamas County's recent construction bids are coming in at approximately 30% higher than just one year ago. (For details, and a history of significant budgetary changes, see page 5 of Appendix 2.)

The second source of flexible revenues for the Street Fund is franchise fees, which are collected from other City utilities (water, storm and wastewater). Franchise fees total about half of Gas Tax revenues (\$490,198 in 2004-2005; \$546,650 projected for 2006-2007).

In recent years, grant and loan proceeds for specific capital projects have grown substantially. In the 2006-2007 budget, these accounted for just over \$1 million in revenue. Such funds are dedicated to specific projects and cannot be expended on maintenance.

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<sup>2</sup> "Price Trends for Federal-Aid Highway Construction," Third Quarter 2005, U.S. Department of Transportation, Federal Highway Administration. Available on-line at: <http://www.fhwa.dot.gov/programadmin/pt2005q3.pdf>.

On the expenditure side, a detailed examination of street expenditures in 2004-2005 (the most recent year for which actual figures were available) apportioned \$2.2 million in Street Fund expenditures to "Programs." See page 2 of Appendix 2 and Appendix 3 for details.

32% of the 2004-2005 budget was devoted to capital expenditures; 20% went to contributions to support or administrative functions (transfers to Engineering and CD Admin, and General Administrative Services Charge); 17% went to maintenance; 13% to street light electricity costs; 9% of expenditures went to overhead (the vast majority for vehicle fuel, maintenance, and replacement fee); and 8% to reserves for future capital projects.

With the 17% available for maintenance, the Street Department maintains multiple aspects of the street system. Based on FTE assignments and allocable materials and services costs, staff estimates that in 2004-2005, out of a total maintenance budget of \$378,000: 24% went to right-of-way maintenance (mowing, removing branches, etc.); 23% was devoted to emergency street repairs (i.e., filling potholes and patching); 16% was spent on sign and signal maintenance; 15% went to street sweeping; 13% went to street marking and striping; and 8% was devoted to preventive surface maintenance.

The preventive surface maintenance expenditures do not include any rehabilitation or reconstruction projects, which the city cannot currently afford. In recent years, the city's CIP has included a \$200,000 line item for overlay (rehabilitation) projects in the unfunded category. Though the \$200,000 figure has been somewhat arbitrary, these past CIP's are a record of the City's ongoing recognition of the street network's unmet maintenance need.

#### Possible Solutions: Local Funding Options

Federal and state transportation funding programs are facing the same problems as Milwaukie's Street Fund: declining Gas Tax revenues in real dollars in the face of growing needs (i.e., more vehicle miles driven and higher maintenance costs). In addition, the region is facing significant pressures to fund capacity-expanding new highway projects. As a result, there are no state or federal grant programs available to fund regular maintenance for city or county roads. Cities and counties are forced to make due with their share of Gas Tax revenue and local funding where available.

The ubiquity of this problem, however, may be helping to create a critical mass of public concern. In the summer of 2006, ODOT is heading an effort to develop a list of "critical investments" that would form the basis of a business and legislative outreach and funding effort for a range of statewide transportation needs. The League of Oregon Cities is currently surveying its membership on city priorities to be included on the "critical investments" list. The street maintenance backlog issue appears to be high on the list of priorities. However, a number of very significant hurdles would remain were the state to identify a funding package that would address the issue (e.g., gas tax increase, vehicle registration fee increase,

truck weight fee increase). Staff is following this process and has concluded that it cannot be relied on to address Milwaukie's street maintenance issue. Nevertheless, should the region persuade the legislature to make additional funding available for local street needs, staff will engage council in a discussion of how new funds could be put to best use in Milwaukie's Street Fund.

Absent an outside solution, staff focused on six local funding options: property tax levy; street utility fee; PGE privilege tax; removing the cost of street electricity from the Street Fund; Local Improvement Districts; and downtown parking revenues. Staff took a seventh option, a local gas tax, under consideration at the urging of the council. (See appendix 4.) Over five months, staff narrowed its focus to the street utility fee, the PGE privilege tax, shifting street lighting costs and a local gas tax. These were selected because historical evidence and community feedback suggested a property tax levy was politically unfeasible and the other options were unlikely to generate the scale of revenue required to redress the situation.

During the public outreach process, additional options were suggested, such as reducing overhead costs, increasing traffic ticket revenues, and prioritizing surface maintenance above other maintenance activities. Staff did further research in each of these areas.

Appendix 3 provides a detailed analysis of overhead/indirect costs. Staff concluded that most of these costs were not overhead in the truest sense of the word (i.e., resources consumed for purposes which are incidental to, but necessary for, a main business purpose), but are rather indirect costs that are the result of citywide budgeting decisions. These include transfers to other funds, some of which support the Streets Division (Engineering, Community Development), and some with a less direct line of support (General Services).

Consultation with the Police Department suggested that a proposal to generate street revenues from an additional assessment on traffic tickets would raise policy concerns and would not generate significant revenue. Staff also reviewed various policies and "self-mandates" the City has adopted, largely driven by public safety and liability concerns, regarding the other forms of maintenance performed.<sup>3</sup> The Street Department's staffing and effort in these areas is not substantially above the minimum required. Staff has therefore concluded that an internal reorganization or reprioritization of existing Street Fund expenditures and programs would not feasibly address the issue under study without diminishing other levels of service below an acceptable standard.

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<sup>3</sup> The maintenance functions performed by the Street department (signage, markings, pavement repairs, crack sealing and, sweeping) are self mandated by the City of Milwaukie. The City has adopted standards in whole, or in part, from the School Trip Safety Program; Downtown Traffic Management Plan; Milwaukie Transportation System Plan; Manual of Uniform Traffic Control Devices (MUTCD); American Public Works Association (APWA); National Pollution Discharge Elimination System (NPDES); ODOT's Standard Specifications for Highway Construction; and Federal Highway Administration Standards. These documents are considered the industry standards for street maintenance.

## **II. Community Outreach and Response**

In an attempt to achieve the broadest public input possible in a short period of time, staff developed an outreach campaign that included the following presentations and outreach tools:

### **Flier and Survey Distribution:**

- Library Plant Sale (5/13)
- Farmers Market Community Booth (5/21, 5/28, 6/4, 6/11, 6/18, 6/25, 7/2, 7/9)
- Down To Earth Day @ Lewelling, Ardenwald and Linwood Elementary (5/6)

### **Direct Mail:**

- Water bills mailed in May and June contained a street funding insert

### **Presentations:**

- All seven NDAs (5/4-5/18)
- Planning Commission (5/9)
- Citizen Utility Advisory Board (with all other Boards/Commissions invited) (6/7)
- Milwaukie Rotary (6/6)

### **Meetings:**

- Meeting of Milwaukie Businesses (300 invited – no attendees)
- Milwaukie Center (Center newsletter invite – no attendees)
- Ardenwald Parent Teacher Organization (cancelled by PTO)

### **Other venues:**

- City web site carries the street funding information sheets and an on-line survey
- A video is currently under development for broadcast on the Public Access Channel in July

At each of the presentations a staff member was assigned to take detailed notes of all questions and comments generated by the presentation. These notes have been transcribed and collated (see appendix 4). Surveys were handed out at each of the presentations and were also distributed at the Farmers Market and on line. To date, staff has collated survey data from 92 individuals.

## **Community Response**

In general, those attending the various meetings indicated verbally, and in their surveys, that they understood the issue, were very concerned about the condition of the City's streets and had a fairly high willingness to consider local funding to address this issue. 81% of the 92 survey respondents indicated that on a scale from 1 to 5, their level of concern was either a 4 or a 5. 72% of those surveyed also placed their willingness to consider local funding at either a 4 or a 5.

The survey also asked respondents to identify which local funding options they were willing to consider. As shown below, the distribution among the various options was fairly even, with the exception of Paid Parking.

<b>Funding Option</b>	<b>Percentage of respondents expressing approval of option</b>
Property Tax Levy	35%
Street Utility Fee	44%
PGE Privilege Tax	47%
Shift Street Light Cost to General Fund	38%
Paid Parking Downtown	23%

The final survey question dealt with which type of streets the public felt should be fixed first. Of those who indicated a preference between prioritizing major streets or local streets, 82% of respondents indicated that larger streets, such as King Road, should be the City’s first priority; 17% chose neighborhood streets as their priority.

The verbal input received from the audiences at the various presentations emphasized the following important public concerns:

- The equity of any funding option chosen is very important. The financial burden of any funding option should be distributed equally among, at the very least, the City’s population. That is, property owners alone should not have to bear the full burden of maintaining the streets. Many even suggested that the City attempt to collect from all users including Tri Met, the School District and trucking companies.
- Any funding option should be closely associated with a work plan that prioritizes street projects and, to the extent possible, establishes a schedule for project completion.
- Street priorities should be equitably distributed around the City geographically. Some preference was expressed that funding be distributed from the “outside-in”, starting with the outlying neighborhoods, rather than being concentrated in the downtown area of the City.
- Funds raised for street maintenance should be dedicated to street maintenance to avoid future diversion of these funds within the City budget.

### **III. Recommendation and Justification**

The replacement value of Milwaukie’s street system was estimated at \$65 million in 2004 (EIS, Inc.) – a figure that is rapidly rising with the escalation of construction costs.

In recommending a Street Maintenance Program to City Council, staff is following the lead of the Budget Committee and Citizen’s Utility Advisory Board, which have accurately recognized the city’s street system as a capital asset worthy of

the same asset management ethic as adhered to for the City's sewer, water and stormwater systems.

The issue, then, is clearly not one of need, but one of funding. According to the recently updated Oregon Transportation Plan:

The method of funding transportation in Oregon is uncertain and inadequate. The current structure is inflexible; funds are thinly spread around that state; and capital for privately owned infrastructure is difficult to obtain. An efficient, well-maintained transportation system benefits everyone, but transportation infrastructure in poor condition increases vehicular wear, accidents and costs, and reduces travel options.

The purchasing power of the motor vehicle fuel tax is eroding because of inflation. In the past, the Oregon legislature regularly increased the motor fuel tax to meet highway and roadway needs, but the last state motor fuel tax increase was in 1993 to \$.24 per gallon. The same erosion is occurring at the federal level since the federal motor vehicle fuel tax last increased in 1993 to \$.184 per gallon. Over the next 25 years, inflation alone will reduce the tax's spending power by 40 percent. Gains in fuel efficiency and use of alternative fuels, while good for the environment and other goals, will further reduce revenues for state and local roads.<sup>4</sup>

Metro's adopted 2004 Regional Transportation Plan acknowledges that "funding the 2020 Priority System will require *additional* revenue sources (italics added)."<sup>5</sup> The RTP then describes a set of principles for decision-makers to evaluate in pursuing additional transportation funding (e.g. adequacy, flexibility, fairness, implementation of policy objectives). A copy of these principles is attached to this report as Appendix 6.

In view of the declining state of the streets, the statewide shortage of transportation funding, the willingness of some Milwaukians to consider a local funding option for street maintenance, and the hard reality that the status quo will only punish future users, taxpayers and decision-makers, staff has arrived at the following three-point recommendation:

1. That Council establish a Street Maintenance Program, adequate to reverse the overall decline of the local street system, such that over time the streets in the system can achieve an overall Pavement Condition Index rating in the "Good" range and be maintained at that level.
2. That funding for the Street Maintenance Program be derived from some combination of the following four or fewer sources:
  - a. PGE Privilege Tax;
  - b. Existing motor vehicle fuel tax revenue currently dedicated to paying for city streetlights;
  - c. Street Utility Fee;
  - d. Local Gas Tax.

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<sup>4</sup> Public Review Draft, Oregon Transportation Plan, Vol.1, November 17, 2005, ODOT Planning Section, Transportation Development Division, p. I-13

<sup>5</sup> 2004 Regional Transportation Plan, Chapter 5: Growth and the Priority System, p. 5-29

3. That staff present for Council adoption, by December 31, 2006, a fully funded Street Maintenance Program proposal that demonstrates minimal impact to the city's general fund and demonstrable acceptance from the Milwaukie's residential and business communities.

To facilitate Council action on this recommendation, staff has endeavored to begin defining program goals now, as a way of starting the discussion of "what the Program would look like and what it would take to make it work."

The next section of this report describes staff-recommended Program goals, to be further tested and vetted with Milwaukie community and business leaders, as well as others from around the region who have successfully implemented local street maintenance programs.

#### **IV. Proposed Street Maintenance Program Goals**

Staff is in the earliest stages of designing a Street Maintenance Program, assuming utilization of the funding sources listed in the Recommendation. Between the presentation of this report and the final proposal, staff may well elect to engage a consultant to assist with the program design, and will certainly make use of the modeling software purchased by the City in 2004 to move from general and estimated program goals, to a detailed and precise cost schedule and scope of work. (That software, which runs on the Windows XP operating system, has heretofore been unavailable to staff. The Street Department was recently converted to Windows XP and the software is now being installed).

To provide some definition to what the maintenance program would involve, staff developed the illustrative ten year budget attached as appendix 7. The budget is intended to show the progress that could be expected over the first ten years of the program. Due to the public preference for an emphasis on major routes, the program focuses on addressing deferred maintenance on major streets (streets classified as arterials, collectors, or neighborhood routes). The bulk of such deferred maintenance would be addressed by the end of the ten-year period.

The last "Rehabilitation Project" listed is "Ongoing Rehab TBD." It is difficult to predict with precision which "good" condition streets will require rehabilitation by this point in time, but some will almost certainly be close to the end of their useful life. (A responsible maintenance program would include some flexibility to delay reconstruction projects in order to prioritize overlay/rehabilitation projects that take on greater urgency due to changes in condition.)

By year 10 (or thereabouts) the program would have funds available to begin addressing local streets. Most local streets have sub-standard bases (or no base). Therefore, the recommended program does not devote resources to rehabilitation in these areas. However, a refined program might add rehabilitation of some local streets that do have an adequate base.

Staff has identified the following goals for the Program. These are subject to change as more information is collected, but are sound working assumptions on which the Program can be developed.

### PCI Index Goals

Pavement Condition Index, or PCI, is a measurement of the health of the pavement network or condition and ranges from 0 to 100. A newly constructed street would have a PCI of 100 and failed street would have a PCI of 10 or less. The “Good” range is from 70 to 100. Staff’s recommendation is to establish a Program to bring all major streets in the City into the “Good” range and be maintained at that level. Thus, the PCI Index Goal for the Program is to improve the condition of those streets to a PCI in the low 80’s, and then sustain it at that level. This is consistent with the EIS recommendation from 2004 (see Appendix 1).

### Deferred Maintenance Goals

The goal of the Program is to catch up on deferred maintenance and eliminate it from the City’s CIP. Staff estimates that Milwaukie’s major street deferred maintenance backlog is approximately \$10 million in current dollars. Staff estimates that it will take \$1.2 million a year for ten years to achieve the Program goal of eliminating the backlog in repairs to major streets. This includes both reconstruction projects and rehabilitation projects (overlays), with the Program focusing on fixing larger streets. Local streets would begin to be addressed in later years. See Appendix 7 for a proposed maintenance schedule.

### Maintenance Goals

The Program’s maintenance goal is to prevent any streets from falling to the point of requiring reconstruction. (Many of the City of Milwaukie streets that currently require reconstruction were not constructed with adequate bases). This requires an aggressive program of crack sealing and rehabilitation for specific streets as scheduled. (See Appendix 8 for a clarification of the maintenance terms used.) Staff estimates that it would take an average of \$400,000 (in current dollars) annually to achieve this goal for all major streets.<sup>6</sup> The illustrative ten year budget includes this level of funding beginning in year 8 (“Ongoing Rehab TBD”). The cost to maintain major and local streets at this level is likely 50% more or higher, i.e. \$600,000 or more.

### Stopgap Goals

Stopgap refers to the dollar amount of repairs applied to maintain the pavement in a serviceable condition (e.g. pothole patching). These are temporary and do not extend the pavement life. Current funding allows the Streets Department to

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<sup>6</sup> The figure for maintenance of all major streets is based on the cost of overlays for all major streets on a fifteen-year cycle, plus preventive maintenance costs.

do this. The Program goal on Stopgap maintenance is to continue to adequately fund and repair trouble spots throughout the City, with the expectation that these will diminish as the network is improved. EIS notes that money for stopgap repairs is often taken from preventive maintenance budgets. The proposed Program would seek to correct this in Milwaukie.

### Program Cost Goals

Based on staff work to date, the overall program cost, stated in 2006 dollars, is estimated at \$1.2 million for the first ten years. The annual cost of maintaining only major streets thereafter could be achieved at roughly half that budget. A continuation of the higher level of funding would allow the City to address local streets as well. The Cost Goal is important, as it informs the recommendation on funding sources and gives the community a realistic sense of the magnitude of the problem that the Program must be designed to fix. Streets and Engineering staff believe that existing staffing levels are sufficient to oversee the proposed Program and that no additional staff would need to be retained (see Appendix 7).

As Council reviews the EIS, Inc., funding scenarios, it is important to note several important differences between those scenarios and the Program suggested here. First, EIS, Inc., assumed construction costs appear to have been somewhat low in hindsight and have been rapidly become out of date due to the recent spike in construction costs. Second, EIS construction costs did not include the 20% contingency factor that staff has used in development of the Program. Third, EIS appears to have assumed that rehabilitation or reconstruction of small segments of roadway was feasible and practical, whereas staff has applied a more real-world approach of treating larger segments of roadway to achieve some economies of scale.

### Funding Source and Use Goals

Staff recommends that a combination of four potential sources be looked to for program funding: removing the street lighting costs from the Street Fund, implementing the PGE Privilege Tax, implementing a Street Utility Fee, and implementing a local Gas Tax. An additional goal for program funding is to protect, to the fullest extent possible, any Program funding source from indirect fees typically assessed citywide, and “match” requirements for grant-funded capital projects.

Removing street lighting costs from the Street Fund is expected to free up approximately \$350,000 of state Gas Tax revenue annually, which can be applied to the Program. The local Gas Tax and Street Utility Fee would fund the balance of the program as required.

Street Utility Fees are most commonly allocated based on a land use-based trip-generation estimates. Essentially, a jurisdiction calculates the total number of “expected” trips based on the mix of land uses within the area, and then divides

the revenue target by that total. The result is the per trip charge, charged to each street utility user based on their share of the total expected trips.

Other allocation approaches that have been employed by localities in Oregon include: a fee based on the number of parking spaces a user owns (with a cap on the amount any single user can be charged); and a modification of the more common method that divides the total revenue target evenly between residential and commercial uses. Both methods were developed in order to alleviate what some business operators have perceived as an undue burden on large commercial businesses under the “standard” allocation method.

Staff development of the Program would include an evaluation of the various Street Utility Fee allocation methods (and other funding sources), to be shared with the neighborhood and business communities. Based on feedback and input received in this outreach effort, staff would tailor the allocation methodology as necessary, and develop a detailed fee structure (likely with the assistance of an external consulting firm which specializes in this type of work). A specific fee structure would then be offered for Council adoption by resolution when staff presents the Program proposal.

### Fiscal Impact Goals

One of the staff recommendations is to prevent the Program from creating any significant negative impact on the General Fund. Therefore, staff recommends the establishment of a 1.5% PGE Privilege Tax, which would offset (within \$50,000) the impact of shifting street lighting electricity costs back to the General Fund. As the Program is developed, this Program cost/Funding Source will be explained to the community, which will bear the cost – even though the Privilege Tax dollars will not directly fund Program activities. Staff from the City and PGE will carefully examine the details of the Privilege Tax and its implementation, and these findings will be a part of the staff proposal for Program adoption.

### Concurrence

These recommendations have been prepared by staff from Community Development, Engineering, Community Services, Planning, and the Streets Department. It has been shaped by input from neighborhood associations, citizens, city commissions, business members and staff from other jurisdictions that have already implemented local funding or policy decisions to deal with street maintenance issues.

Concurrence has not been sought from Metro, ODOT or PGE, though representatives from each of these organizations have been alerted to the study. Pending Council approval of the Recommendation, concurrence may be sought from these parties, as each could have a role to play in implementing the proposed Program. The proposed Program will also include concurrence from the Finance Director, Milwaukie businesses and neighborhood associations.

## **Fiscal Impact**

Staff anticipates that moving from Recommendation to Proposal could require up to \$30,000 in consultant services (though staff does not expect to require this level of support). These funds are in the various budgets for the departments involved. There is no other fiscal impact associated with this action. Council should note, however, that this action sets the stage for adoption of a new municipal public works program that will require public funding on an ongoing basis. Staff will report on the Program's Fiscal Impact when the Proposal comes to Council for adoption, and Council can anticipate that the Program will certainly have fiscal impacts in the form of new revenues for street maintenance and potentially a small decrease in general fund revenue due to the proposed shift of street lighting from the Street Fund to the General Fund.

## **Work Load Impacts**

Staff from the five departments will continue to work on the Proposal. The staff has already expended an estimated 400 hours on the project, and another 200 are anticipated in preparing the Proposal for Council adoption.

## **Alternatives**

Council can elect to modify the recommendations in a number of ways. Council can ask that staff consider new or different facts or factors and return with a revised set of recommendations prior to making the Proposal. Council may wish to give staff specific direction regarding the formation of the Proposal, based on the staff set of recommendations, or Council may direct staff to change course. In this last case, staff would seek time on an upcoming work session agenda to better understand Council's concerns and assess whether a reformulation of the recommendations appears feasible.

## **Attachments**

- Appendix 1: EIS Pavement Management Options Report
- Appendix 2: Handout Materials (Conditions Summary)
- Appendix 3: Street Fund Indirect Costs (Breakdown Summary)
- Appendix 4: Comparison of Funding Options Studied
- Appendix 5: Public Survey Results and Meeting Notes
- Appendix 6: RTP Principles for Additional Street Funding
- Appendix 7: Illustrative 10 Year Program Budget
- Appendix 8: Maintenance Definitions

Resolution

*Pavement Management  
Budget Options Report  
City of Milwaukee*

*Prepared by:  
Engineering Information Services, Inc.*



*July 2004*

*Engineering Information Services, Partners In Government Efficiency*

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## EXECUTIVE SUMMARY

Engineering Information Services, INC. of Salem, Oregon was contracted by the City of Milwaukie Community Development to Provide Pavement Management Technical Services for the City of Milwaukie to 1) Conduct a visual pavement assessment of each City street and, 2) Determine the impact of funding levels on the network pavement condition. The Metropolitan Transportation Commission, MTC, Pavement Management Program (PMP) was used for this evaluation. This system strives to develop a maintenance strategy that first, will improve the overall condition of the street network to an optimal Pavement Condition Index, PCI, in the low to mid 80's and second, maintain it at that level.

A visual inspection of The City of Milwaukie streets showed an average PCI of 67. Using a 0-100 scale, with 100 being most favorable, a rating of 67 places the City's street network in the upper range of the 'satisfactory' condition category. In order to determine funding levels to maintain current infrastructure, the City's street network replacement value is estimated at 65 million. Using this estimate and the MTC program, an unrestricted funding level of \$5.9 million over the next six-year period is needed to achieve a PCI in the low to mid 80's. Of this total, approximately \$2.3 million is needed in the first year alone, primarily to repair streets in the 'fair' to 'poor' range, those streets with a PCI of 0-49, which is about 22% of Milwaukie's total network. This amount exceeds Milwaukie's current funding level by \$4.7 million, thus creating a backlog in deferred maintenance.

In order to achieve a PCI of 74 over a six-year period, an annual investment level of \$3.6 million would need to be allocated over the next six years. Using this budget amount, the cost of deferred maintenance backlog in 2009 would be approximately \$2.8 million. Utilizing the same analysis period of six years with Milwaukie's current maintenance and rehabilitation funding of \$1.2 million shows the PCI decreasing to 62 in 2009-with deferred maintenance being just over \$4.7 million. Current funding allocation of \$1.2 million is not sufficient to address the City of Milwaukie's street maintenance needs. Additionally, long-term surface management planning at an investment level of \$6.0 million over a ten (10) year period shows that the PCI will gradually increase reaching 77 over the analysis period. This allows for 88.2% of the street network to be in the 'good' condition category, or higher, with deferred maintenance costs showing a steady decrease to approximately \$2.1 million by the year 2013.

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## **Purpose**

This report is intended to assist the City of Milwaukie with identifying street maintenance priorities specific to the City.<sup>1</sup> The City's street network replacement value is estimated at \$65 million and represents a significant asset for City officials to manage. This asset valuation is assessed by the assumption of replacing the entire street network at today's dollars. The estimated replacement value is an average cost, which was arrived by surveying Oregon local agencies for their unit cost experience for pavement preservation and rehabilitation programs.<sup>2</sup> The report examines the overall condition of the street network and highlights the impacts of funding levels on the network pavement condition and deferred maintenance funding short falls. Conducting 'what-if' analysis using the City of Milwaukie pavement management system database were examined based on conducting the 'what-if' analysis a over six-year period.

## **Definitions**

The *pavement condition index*, or PCI, is a measurement of the health of the pavement network or condition and ranges from 0 to 100. A newly constructed street would have a PCI of 100, while a failed street would have a PCI of 10 or less. The PCI is calculated based on pavement distresses identified in the field.

*Network* is defined as a complete inventory of all streets and other pavement facilities in which the City has jurisdiction and maintenance responsibilities. To facilitate the management of streets, they are subdivided into management sections identified as a segment of street, which has the same characteristics.

*Urban arterial street* system carries the major portion of trips entering and leaving the urban area, as well as the majority of through movements desiring to bypass the central City. In addition, significant intra-area-travel such as between central business districts and outlying residential areas.

*Urban Collector Street* provides both land access service and traffic circulation within residential neighborhoods, commercial, and industrial areas. It differs from the arterial system in that facilities on a collector system may penetrate residential neighborhoods.

*Urban Local Street* system comprises all facilities not one of the higher systems. It serves primarily to provide direct access to abutting land and access to the higher systems.

*Functional Classification Other* has been designated as a placeholder for the inventory of City maintained alley facilities.

*Preventive Maintenance* refers to repairs applied while the pavement is in "good" condition. Such repairs extend the life of the pavement at relatively low costs, and prevent the pavement from deteriorating into conditions requiring more expensive treatments. Preventive maintenance treatments include slurry sealing, crack sealing, and deep patching. Treatments of this sort are applied before pavement deterioration has become severe and usually cost less than \$1.50/sq. yd.

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<sup>1</sup> Private streets (those not owned by the City) are excluded from analysis and not accounted for in this report.

<sup>2</sup> Replacement cost includes only the paved roadway (consisting of all labor and materials associated with construction) from curb to curb.

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*Deferred Maintenance* refers to the dollar amount of maintenance and rehabilitation work that should have been completed to maintain the street in “good” condition, but had to be deferred due to funding deficiencies for preventative maintenance and/or pavement rehabilitation programs. The actual repairs that are being deferred are often referred to as “backlog.”

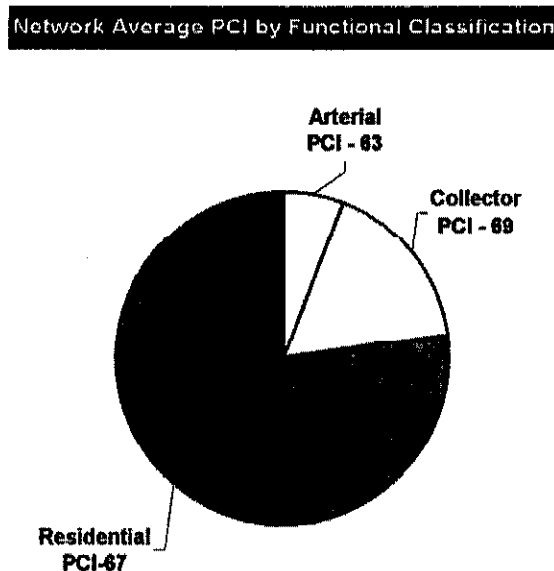
*Stop Gap* refers to the dollar amount of repairs applied to maintain the pavement in a serviceable condition (e.g. pothole patching). These repairs are a temporary measure to stop resident complaints, and do not extend the pavement life. Stop-gap repairs are directly proportional to the amount of deferred maintenance. Money spent on stopgap repairs are often taken from preventive maintenance budgets.

### **Existing Pavement Condition**

The City of Milwaukie is responsible for the repair and maintenance of 8.31 lane miles of Arterial, 24.34 lane miles of Collector, and 105.95 for a total of 138.60 lane miles of asphalt concrete and Portland cement concrete pavements. Figure 1 displays the average PCI by functional classification. To assist with the overall management of the street network, the City’s Street Systems have been subdivided into 536 individual units identified as management sections.

The current average PCI for the City of Milwaukie is 67, placing the network in the upper-range of the ‘satisfactory’ condition category. Table 1 summarizes by functional classification the condition of the street network in the City of Milwaukie.

**Figure 1. Weighted Average PCI by Functional Classification**



**Table 1. Pavement Condition Summary for the City of Milwaukee**

Condition Category	PCI Range	2004 Percent of Network
Good *	70 - 100	60%
Satisfactory	50 - 69	17%
Fair	25 - 49	15%
Poor	< 25	7%

\*2004 Overall Network Pavement Condition Index 67

### **Present Cost to Repair the Street Network**

The MTC Pavement Management Program (PMP) is designed to achieve an optimal network PCI somewhere between the low and mid 80's, which is in the middle of the good condition category. In other words, the system will recommend maintenance treatments in an attempt to bring all of the streets in the City of Milwaukee to a 'good' condition, with the majority of the streets falling in the low to mid 80's PCI range. Streets with a PCI in the 80's (as opposed to 70's) will likely remain in the "good" condition category for a longer period of time in this range where relatively inexpensive preventive maintenance treatments will be the main strategy to keep these streets in that category. Once the PCI falls below 70, more expensive rehabilitation treatments will be needed.

The Budget needs module of the PMP estimates a funding level of \$5.9 million over the next six-year period for the City's pavement preservation and rehabilitation programs to maintain the street network PCI in the low to mid 80's. Of this total, approximately \$2.3 million is needed in the first year alone, primarily to repair the streets in the "fair" to "poor" range. These costs exceed the City of Milwaukee's planned funding level by approximately \$4.7 million.

As mentioned earlier, the average PCI for the City of Milwaukee streets is 67, which is in the upper-range of the 'satisfactory' condition category. Why then, does it cost so much to repair the Milwaukee's streets, and why bother improving them?

First, how much it costs to repair and maintain a pavement depends on its current PCI. In the good category, it costs very little to apply preventive maintenance treatments such as crack and surface seals which can extend the life of a pavement by correcting minor faults and reducing further deterioration. Treatments of this sort are applied before pavement deterioration has become severe and usually cost less than \$1.25/sq. yd. Over half of the City of Milwaukee's street network would benefit from these relatively inexpensive, life-extending treatments.

Approximately 17% of the City of Milwaukee street network falls into the 'satisfactory' condition category. Pavements in this range show some form of distress caused by traffic load related activity or environmental distress that require more than a life-extending treatment. At this point, a well-designed pavement will have served at least 75 percent of its life with the quality of the

pavement dropping approximately 40%. The street surface may require a slurry seal application or a thin overlay. These treatments typically range in cost from \$1.50 to \$12.00/sq. yd.

The remaining 22% of the City of Milwaukie street network falls into the fair or poor PCI ranges. These pavements are near the end of their service lives and often exhibit major forms of distress such as potholes, extensive cracking, etc. At this stage, a street usually requires either a thick overlay or reconstruction. The costs for these treatments range from \$12.00 to \$51.00/sq. yd. One of the key elements of a pavement repair strategy is to keep streets in the good or satisfactory categories from deteriorating. This is particularly true for streets in the satisfactory range, because they are at the point where pavement deterioration accelerates if left untreated. On the other hand, the deterioration rate for pavements in the 'fair' to 'poor' range is relatively flat; the condition of these streets will not decline significantly if repairs are delayed. As more 'good' streets deteriorate into the 'satisfactory' and 'poor' categories, the price tag of deferred maintenance will continue to increase. The price tag of deferred maintenance backlog will stop increasing only when enough funds are provided to prevent streets from deteriorating into a worse condition category, or the whole network falls into the "poor" category (i.e. can not deteriorate any further).

### Future Expenditures for Pavement Maintenance

It is estimated that the City of Milwaukie will spend \$1.2 million of tax revenues on pavement maintenance rehabilitation during the next six years (FY 2003-04 through FY 2008-09), assuming current funding levels.

**Table 2. Projected Pavement Budget for FY 2003-04 to FY 2008-09**

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Total
City Estimate	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,200,000

### Budget Needs

Based on the principle that it costs less to maintain streets in good condition than bad, the MTC PMP strives to develop a maintenance strategy that will first improve the overall condition of the network to an optimal PCI somewhere between the low and mid 80's, and then sustain it at that level. Although the average PCI for the City of Milwaukie is 67, which is in the 'satisfactory' condition category, a moderate area of the network suffers from load-related distresses. In addition, there is a backlog of more than \$4.7 million in deferred maintenance. If these issues are not addressed, the quality of the street network will inevitably decline. In order to correct these deficiencies, a cost-effective funding and maintenance and rehabilitation strategy must be implemented.

The first step in developing a cost-effective maintenance and rehabilitation strategy is to determine, assuming unlimited revenues, the maintenance "needs" of the City of Milwaukie's street network. Using the PMP budget needs module; street maintenance needs are estimated at \$5.9 million over the next six years. If the City follows the strategy recommended by the program, the average network PCI will increase to 82. If, however, no maintenance is applied over the next

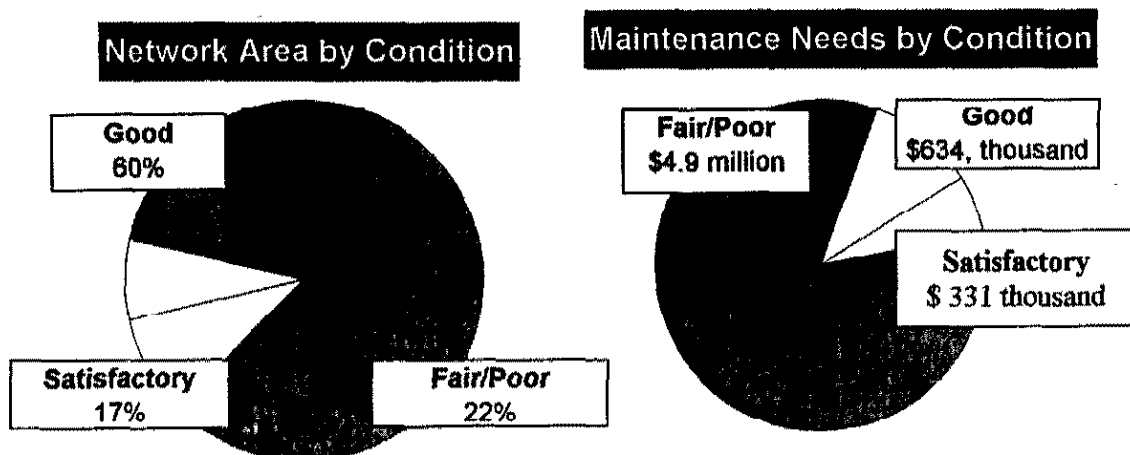
six years, already distressed streets will continue to deteriorate, and the network PCI will drop to 56. The results of the budget needs analysis are summarized in the table below.<sup>3</sup>

**Table 3. Summary of Results from Needs Analysis**

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
PCI with Treatment	80	81	82	82	83	82
PCI no Treatment	67	65	63	61	59	56
Budget Needs	\$2,350,706	\$1,094,311	\$650,201	\$740,452	\$887,901	\$217,114
Preventive Maintenance	\$477,876	\$42,294	\$65,960	\$23,242	\$23,888	\$966
Rehabilitation	\$1,872,790	\$1,051,761	\$584,089	\$670,721	\$808,488	\$196,294

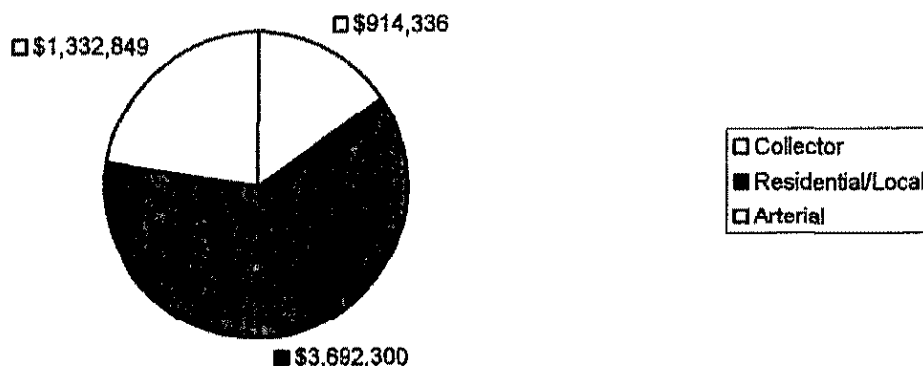
Table 3 shows the level of expenditure required to raise the City of Milwaukie's pavement condition to an above the optimal network PCI of above 80 and eliminate the current maintenance and rehabilitation backlog. The results of the budget needs analysis represent the ideal funding strategy recommended by the MTC PMP. Of the \$5.9 million in maintenance and rehabilitation needs shown, approximately \$634 thousand or 9% is earmarked for preventive maintenance or life-extending treatments, while \$5.3 million or 91% is allocated for the more costly rehabilitation and reconstruction treatments. The cost-effectiveness of preventive maintenance treatments is demonstrated in Figure 2, which compares the current condition of the network, and the maintenance needs estimated by the program. The portion of the network in good condition, 9% requires approximately \$634 thousand of work over the next six years, whereas 84 % in fair to poor condition needs \$4.9 million in expenditures.

**Figure 2. Cost-Effectiveness of Treatments**



<sup>3</sup> Actual program outputs are shown in Appendixes A through D

**Figure 3. Budget Needs Funding  
Distribution by Functional Classification**



### **Budget Scenarios**

Having determined the maintenance and rehabilitation needs of the City of Milwaukie's street network, the next step in developing a cost-effective maintenance and rehabilitation strategy is to conduct 'what-if' analyses. Using the PMP budget scenarios module, the impact of various budget scenarios can be evaluated. The program projects the effects of the different scenarios on pavement condition PCI and deferred maintenance (backlog). By examining the effects on these indicators, the advantages and disadvantages of different funding levels and maintenance strategies becomes clear. For the purpose of this report, the following scenarios were run for a six (6)-year period for the purposes of this report.

1. *Unconstrained (zero "deferred" maintenance)* — The annual amounts identified in the budget needs analysis were input into the budget scenarios module. The preventive maintenance split for each year in the analysis period, as recommended by the budget needs module, was used.
2. *Unconstrained Scenario Equal Budget Distribution* — An annual budget of \$989,914 was evaluated to determine the effects of the budget needs funding (\$5.9 million) distributed equally over the six-year analysis period. A 2% preventive maintenance split was used. The Equal application of the budget needs total over the period eliminates the front load cost in the first year and provides a more realistic alternative.
3. *Current Investment Level Budget* — A six-year funding level of \$200,000 per year for a total budget of \$1.2 million was evaluated to determine the effects of continuing a current budget level. A 2% preventive maintenance split was used.
4. *Recommend Investment Level* — A six-year investment level of \$600,000 in each year for a total of \$3.6 million was evaluated to determine the effects at this funding level. A 2% preventive maintenance split was used for the purpose of this analysis. This proposed funding level increases the PCI to 74 over the duration of the six-year analysis period.

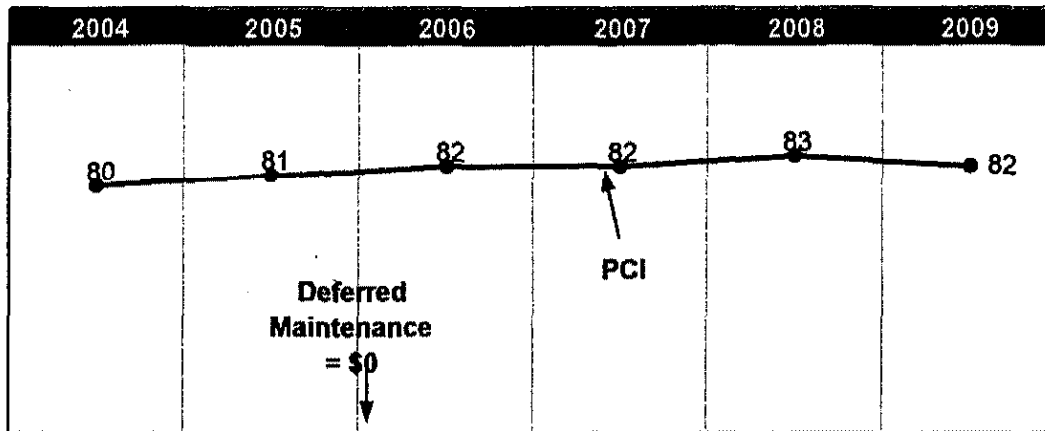
**Scenario 1 — Unconstrained (zero deferred maintenance)**

This scenario shows the effects of implementing the ideal funding strategy (as recommended by the MTC PMP needs module). Because it is more cost-effective in the long run to eliminate the deferred maintenance backlog as quickly as possible, the bulk of the maintenance needs are addressed in the first year of the six-year program raising the PCI to 82. The PCI remains at 82 through the year 2009 and continues in the optimal range over the analysis period. By the year 2009 90.1% of the network falls into the good condition category as shown in both table 4 and figure 4.

**Table 4. Summary of Results from Scenario 1 — Unconstrained**

	2004	2005	2006	2007	2008	2009	Total
Budget	\$2,350,706	\$1,094,311	\$650,201	\$740,452	\$887,901	\$217,114	\$5,820,631
Rehabilitation	\$1,872,790	\$1,051,761	\$584,089	\$670,721	\$808,488	\$196,294	\$5,184,144
Preventive Maintenance	\$477,876	\$42,294	\$65,960	\$23,242	\$23,888	\$966	\$634,227
Stop Gap	\$0	\$0	\$0	\$0	\$0	\$0	---
Deferred Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	---
PCI	80	81	82	82	83	82	---

**Figure 4. Summary of Results from Scenario 1 — Unconstrained**



**Scenario 2 — Unconstrained Scenario Equal Budget Distribution Investment Level**

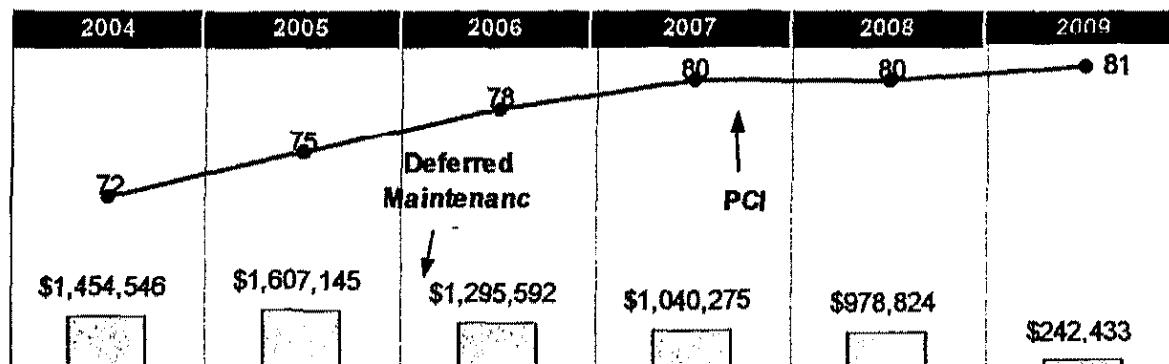
A six-year budget of \$5.9 million was evaluated to determine the affects of continuing with an annual budget strategy of \$989,914 per year. Program outputs indicate that the price tag of deferred maintenance in the year 2009 <sup>4</sup>will be reduced approximately \$242 thousand with a PCI increase to 81. Both table 5 and figure 5 summarize these results.

<sup>4</sup> Actual results of this scenario are contained in Appendix C

**Table 5. Summary of Results from Scenario 2 — Unconstrained Scenario Equal Budget Distribution Investment Level**

	2004	2005	2006	2007	2008	2009	Total
Budget	\$989,914	\$989,914	\$989,914	\$989,914	\$989,914	\$989,914	\$5,970,839
Rehabilitation	\$967,303	\$966,615	\$953,543	\$944,998	\$914,804	\$804,316	\$5,551,579
Preventive Maintenance	\$0	\$5,289	\$32,797	\$43,477	\$73,899	\$185,414	\$340,876
Stop Gap	\$22,611	\$17,898	\$3,308	\$1,159	\$982	\$0	\$45,957
Deferred Maintenance	\$1,454,546	\$1,607,145	\$1,295,592	\$1,040,275	\$978,824	\$242,433	---
Surplus PM	\$0	\$112	\$267	\$280	\$229	\$184	---
PCI	72	75	78	80	80	81	---

**Figure 5. Summary of Results from Scenario 2— Unconstrained Scenario Equal Budget Distribution Investment Level**



### Scenario 3 — Current Investment Level Budget

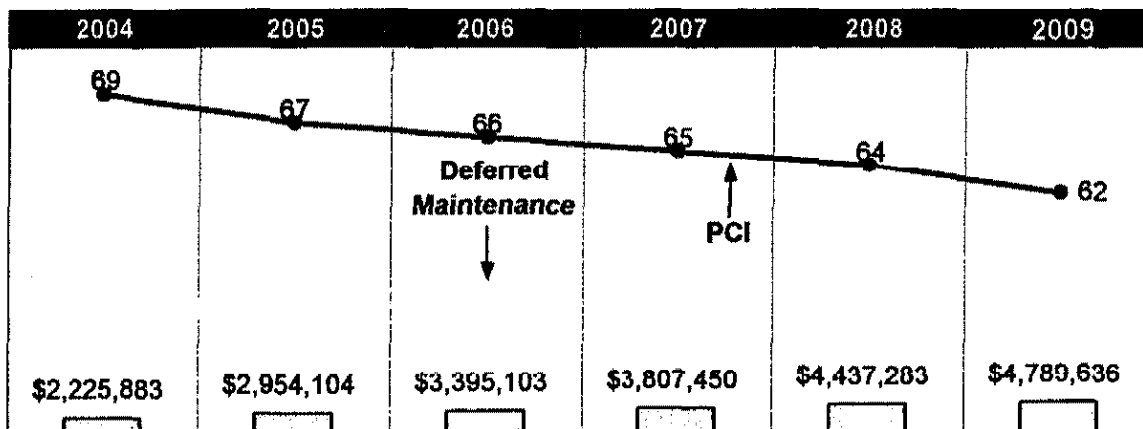
A six-year budget for a total of \$1.2 was evaluated to determine the affects of continuing with the current budget strategy. Program outputs indicate that the deferred maintenance bag log in the year 2009 will be in exceed \$4.7 million and the PCI will decrease to 62 at the conclusion of the six years.<sup>5</sup> By the year 2009, 66.9% of the network falls into the good condition category as shown in both table 6 and figure 6.

<sup>5</sup> Actual results of this scenario are contained in Appendix C

**Table 6. Summary of Results from Scenario 3 — Current Investment Level Budget**

	2004	2005	2006	2007	2008	2009	Total
Budget	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,200,000
Rehabilitation	\$195,416	\$195,222	\$195,501	\$195,173	\$194,694	\$195,603	\$1,171,609
Preventive Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stop Gap	\$4,584	\$4,778	\$4,499	\$4,827	\$5,306	\$4,397	\$28,391
Deferred Maintenance	\$2,225,883	\$2,954,104	\$3,395,103	\$3,807,450	\$4,437,283	\$4,789,636	---
Surplus PM	\$0	\$0	\$0	\$0	\$0	\$0	---
PCI	69	67	66	65	64	62	---

**Figure 6. Summary of Results from Scenario 3— Current Investment Level Budget**

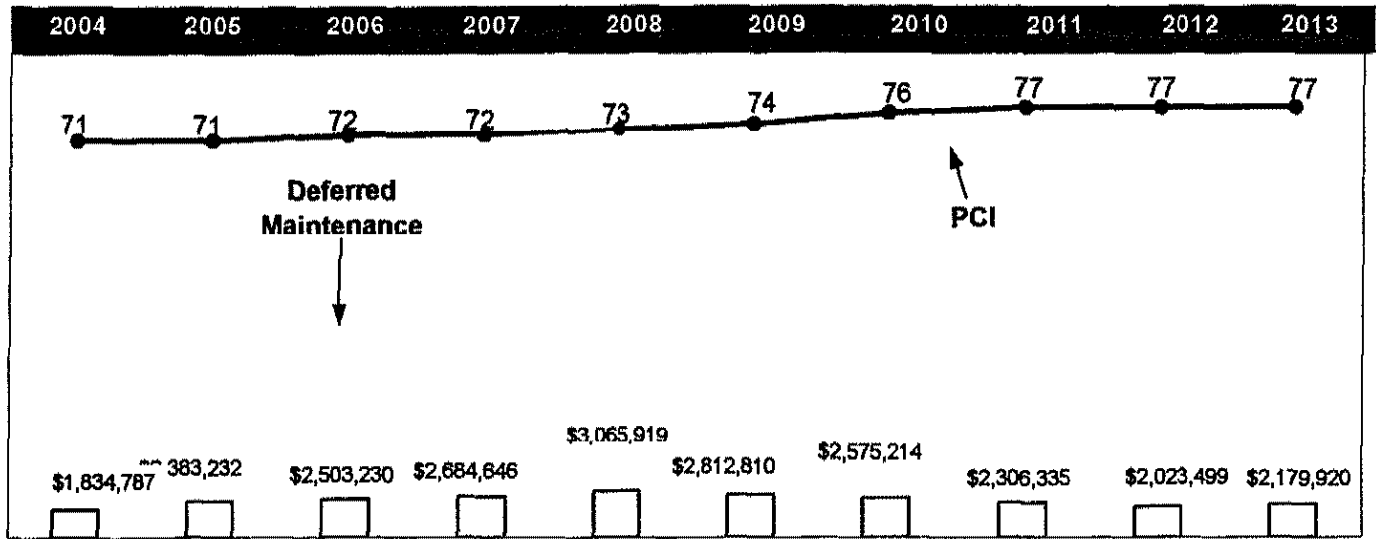


**Scenario 4 — Recommended Six and Ten year Investment Level**

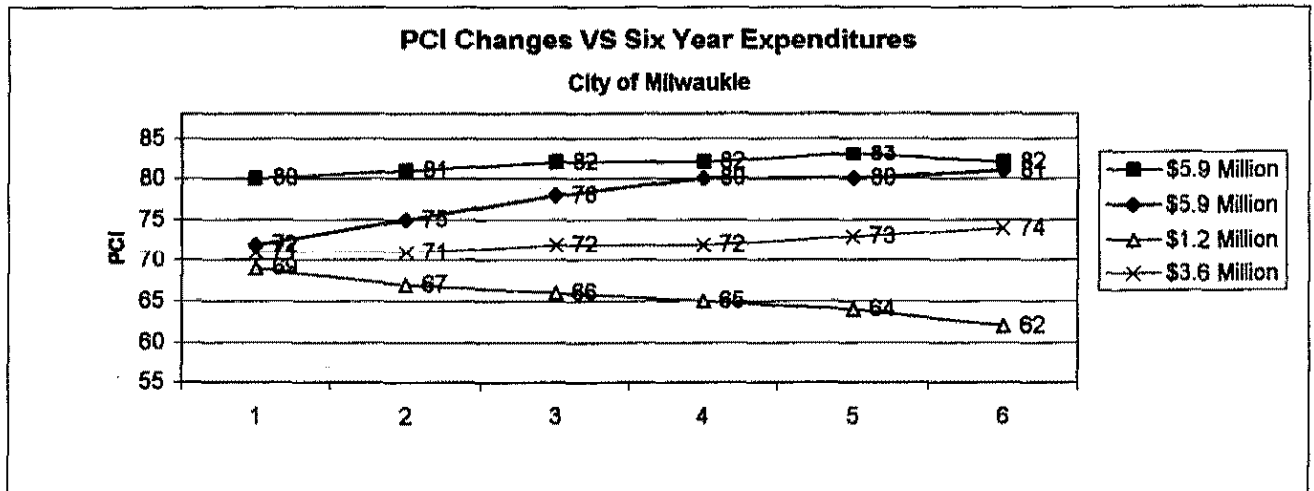
This scenario shows the effects of considering an annual budget level of \$600,000 in each year of the six-year period for a total of \$3.6 million. Program outputs indicate that the cost of deferred maintenance in the year 2009 will total approximately \$2.8 million and the PCI will increase reaching 71 in the first year. Examining this funding level over a ten (10) year period shows that the PCI will be at 77 through 2013. A PCI of 77, which is the lower range of the good condition category, is an acceptable service level and target PCI to maintain long term. This level stabilizes the rate of pavement deterioration, places the funding at a reasonable budget amount, and maintains the street system at a condition where low cost maintenance alternatives are viable options. In addition, this funding level is sufficient to show a continued decrease to the deferred maintenance backlog through the year 2013. <sup>6</sup> Summaries of these results are illustrated in figure 7.

<sup>6</sup> Actual results of this scenario are contained in Appendix C

**Figure 7. Summary of Results from Scenario 4— Recommended Six and Ten Year Investment Level**



**Figure 8. Shows the affects on the PCI at the funding levels analyzed**



**Recommendations**

Of the various maintenance and funding options considered, the *ideal* strategy for the City of Milwaukie is presented in Scenario 1, with a six-year expenditure total of \$5.9 million. Not only does this surface management plan improve the network PCI above the optimal of 81, it also eliminates the entire deferred maintenance backlog in the first year. As examined scenarios deviate from this strategy, the cost to Milwaukie will increase in the long term. The amount of funds to be dedicated up front approximately \$5.9 million, may make this strategy unrealistic for the City of Milwaukie; however, this scenario can be used as a base line for comparing other scenarios.

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A six-year (6) year annual budget scenario at \$989,914 allows for an increase in the network PCI over the course of the analysis period. At the conclusion of this analysis, the network PCI will reach 81 which is the projected PCI based on the results of this funding level. In addition, 89.6% of the streets will be in the Good Condition Category with a deferred maintenance price tag decreasing will be completely addressed in the year 2009- results of this scenario are contained in Appendix C.

Continuing with the current six-year (6) year annual budget scenario of \$200,000 per year for a total of \$1.2 million causes a decrease in the network PCI over the course of the analysis period. At the conclusion of this analysis, the network PCI will be 56 which is the projected PCI based on the results of this funding level. In addition, 66.9% of the streets will be in the Good Condition Category with a deferred maintenance price tag increasing to approximately \$4.7 million in the year 2009- results of this scenario are contained in Appendix C.

Finally, a ten-year (10) year budget scenario consisting of \$600,000 per year per year for a total budget of \$6.0 million was evaluated. This funding level allows for the network PCI to increase to 77 over the course of this investment level scenario. At the conclusion of the ten-year period, 70.6% of the streets will be in the Good Condition Category with a deferred maintenance will experience a reduction to approximately \$2.1 million by the year 2013.

As demonstrated in the different scenarios, the City of Milwaukie needs to spend a significant amount of money on expensive rehabilitation and reconstruction projects. This will reduce the deferred maintenance backlog, increase the network PCI and allow money to be spent for less capital-intensive treatments such as cape seals, slurry seals, and overlays.

The City should continue to apply for federal funds (e.g., Surface Transportation Program) that may be available for pavement repair and maintenance programs. These federal funds are usually available on a cyclical basis as the Oregon Transportation region prepares its Transportation Improvement Program.

Preparation of a budget options report is just one step in using the MTC PMP to build an effective street maintenance program. Some additional steps that should be taken are:

- Link major street repairs with utility maintenance schedules to prevent damage to newly paved street surfaces.
- Obtain detailed subsurface information on selected sections before major rehabilitation projects are contracted. Costs for large rehabilitation projects are extremely variable and estimates can sometimes be reduced following project-level engineering analysis. It is possible that only a portion of a street recommended for reconstruction actually requires such heavy-duty repair.
- Evaluate the specific treatments and costs recommended by the PMP, and modify them to reflect the actual repairs and unit costs that you expect to use.
- Test other budget options with varying revenues and preventive maintenance and rehabilitation splits.

- 
- Prepare a brief memo to City Officials outlining the recommended six-year maintenance program. The memo should include the amount of revenues available for pavement repair, a list of streets to be repaired, and the type of repair to be completed (listed in order of the year the treatment is scheduled), as well as any requests for specific budgetary actions.

In addition to performing cyclic pavement condition inspections, unit cost information for the applications of various maintenance and rehabilitation treatments should be updated annually in the PMP 'Decision Tree Module'. If this data is not kept current, the City runs the risk of understating actual funding requirements to adequately maintain the street network.

The City of Milwaukie has completed the foundation work necessary to execute a successful pavement management plan. The street system is in good condition and the City has consistently applied the funds necessary to maintain this monumental investment. However, to improve the condition of the street system and reduce the maintenance backlog requires additional revenues and support from various decision-making bodies.

As more "good" streets deteriorate into the satisfactory and poor categories, the price tag of deferred maintenance will continue to increase. The price tag of deferred maintenance backlog will stop increasing only when enough funds are provided to prevent streets from deteriorating into a worse condition category, or when the whole network falls into the "poor" category (i.e. can not deteriorate any further). At that time, the network will need to be replaced at a cost exceeding \$65 million.

# City of Milwaukie

Date Printed 7/20/2004

## Network Summary Statistics

PMS1013

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	<u>Total Sections</u>	<u>Total Center Miles</u>	<u>Total Lane Miles</u>
Arterial	17	4.06	8.31
Collector	53	11.81	24.34
Residential/Local	466	54.18	105.95
<b>Total</b>	<b>536</b>	<b>70.06</b>	<b>138.60</b>

# City of Milwaukie

Date Printed 7/20/2004

## Network Replacement Cost

PMS1012

<u>Lanes</u>	<u>Functional Class</u>	<u>Unit Cost/ Linear Foot</u>	<u>Lane Feet (in thousands)</u>	<u>Cost To Replace (in thousands)</u>
1	Arterial	0.00	1.0	\$0
1	Residential/Local	78.68	15.4	\$1,215
2	Arterial	108.04	39.0	\$4,216
2	Collector	103.04	117.1	\$12,066
2	Residential/Local	86.18	535.9	\$46,185
3	Collector	85.35	11.4	\$976
3	Residential/Local	71.38	8.0	\$574
4	Arterial	94.01	3.9	\$367
		<b>Grand Total:</b>	<b>731.8</b>	<b>\$65,599</b>

**City of Milwaukee**

Date Printed 7/20/2004

**Needs - Projected PCI/Cost Summary**

PMS1008

**Inflation Rate = 3.00%**

<u>Year</u>	<u>PCI Treated</u>	<u>PCI Untreated</u>	<u>Cost</u>
2004	80	67	\$2,350,506
2005	81	65	\$1,094,111
2006	82	63	\$650,001
2007	82	61	\$740,252
2008	83	59	\$887,701
2009	82	56	\$216,914
<b>PM Cost</b>	<b>\$558,172</b>	<b>Total Cost</b>	<b>\$5,939,485</b>
<b>% PM</b>	<b>9.40%</b>	<b>Last Calculated or Inspected Average Weighted PCI</b>	<b>67</b>

# City of Milwaukee

Date Printed 7/20/2004

## Needs - Preventive Maintenance Treatment/Cost Summary

PMS1007

Inflation Rate = 3.00 %

Treatment	Year	Area Treated	Cost
<b>SLURRY SEAL AND CRACK SEAL</b>			
	2004	380,670 sq.yd.	\$475,838
	2005	14,713 sq.yd.	\$18,943
	2006	21,875 sq.yd.	\$29,010
	2007	5,708 sq.yd.	\$7,796
	2008	9,957 sq.yd.	\$14,008
	<b>Total</b>	432,923	\$545,595
<b>SEAL CRACKS</b>			
	2004	2,890 ft.	\$1,878
	2005	36 ft.	\$24
	2006	147 ft.	\$102
	2007	514 ft.	\$365
	2008	12,645 ft.	\$9,251
	2009	1,271 ft.	\$958
	<b>Total</b>	17,503	\$12,577
<b>Total Quantity</b>		450,426	\$558,172

**City of Milwaukie**

**Scenarios - Cost Summary**

Date Printed 7/20/2004

PMS1034

**Interest: 4.00%**

**Inflation: 3.00%**

Scenario: Unconstrained  
Investment Level

Year	PM Amt	Budget	Rehabilitation	Condition Category					Prev. Maint.	Funded Stop Gap	Deferred	Surplus PM	Unmet StopGap
				II	III	IV	V						
2004	2%	\$2,350,706	\$1,872,790	\$46,403	\$237,368	\$603,789	\$985,229	\$477,876	\$0	\$71,183	\$40	\$0	
2005	2%	\$1,094,311	\$1,051,761	\$517	\$0	\$312,528	\$738,715	\$42,294	\$0	\$49,991	\$256	\$0	
2006	2%	\$650,201	\$584,089	\$9,641	\$4,300	\$268,838	\$301,310	\$65,960	\$0	\$14,642	\$151	\$0	
2007	2%	\$740,452	\$670,721	\$13,711	\$8,063	\$263,950	\$384,998	\$23,242	\$0	\$0	\$46,489	\$0	
2008	2%	\$887,901	\$808,488	\$2,770	\$8,240	\$72,280	\$725,199	\$23,888	\$982	\$64,193	\$54,542	\$0	
2009	2%	\$217,114	\$196,294	\$0	\$0	\$71,079	\$125,216	\$966	\$1,278	\$85,780	\$18,575	\$0	

<b>Summary</b>				
<u>Functional Class</u>	<u>Rehabilitation</u>	<u>Prev. Maint.</u>	<u>Funded Stop Gap</u>	<u>Unmet Stop Gap</u>
Collector	\$911,079	\$5,318	\$0	\$0
Arterial	\$1,267,858	\$1,349	\$982	\$0
Residential/Local	\$3,005,207	\$627,560	\$1,278	\$0
<b>Grand Total:</b>	<b>\$5,184,144</b>	<b>\$634,227</b>	<b>\$2,260</b>	<b>\$0</b>

# City of Milwaukee

## Scenarios - Network Condition Summary

Date Printed 7/20/2004

PMS1035

**Interest: 4.00%**

**Inflation: 3.00%**

Scenario: Unconstrained  
Investment Level

<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>	<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>	<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>
2004	\$2,350,706	2%	2005	\$1,094,311	2%	2006	\$650,201	2%
2007	\$740,452	2%	2008	\$887,901	2%	2009	\$217,114	2%

### Projected Network Average PCI by year

<u>Year</u>	<u>Never Treated</u>	<u>With Selected Treatment</u>
2004	67	80
2005	65	81
2006	63	82
2007	61	82
2008	59	83
2009	56	82

### Percent Network Area by Functional Classification and Condition Class Condition in base year 2004, prior to applying treatments.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	3.5%	12.7%	44.4%	0.0%	60.6%
II / III	2.2%	5.0%	10.4%	0.0%	17.6%
IV	1.9%	1.5%	11.5%	0.0%	14.9%
V	0.0%	0.3%	6.5%	0.0%	6.9%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>

### Percent Network Area by Functional Classification and Condition Class Condition in year 2004 after schedulable treatments applied.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	4.6%	14.3%	61.3%	0.0%	80.2%
II / III	1.1%	4.2%	5.0%	0.0%	10.3%
IV	1.9%	1.0%	6.7%	0.0%	9.5%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>

### Percent Network Area by Functional Classification and Condition Class Condition in year 2009 after schedulable treatments applied.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	4.8%	13.5%	71.8%	0.0%	90.1%
II / III	2.7%	6.0%	0.3%	0.0%	9.0%
IV	0.0%	0.0%	0.8%	0.0%	0.8%
V	0.1%	0.0%	0.1%	0.0%	0.2%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>

**City of Milwaukee**

**Scenarios - Cost Summary**

Date Printed 7/20/2004

PMS1034

**Interest: 4.00%**

**Inflation: 3.00%**

Scenario: Unconstrained  
Investment Level  
Equal Distribution

Year	PM Amt	Budget	Rehabilitation	Condition Category					Prev. Maint.	Funded Stop Gap	Deferred	Surplus PM	Unmet StopGap
				II	III	IV	V						
004	2%	\$989,914	\$967,303	\$46,403	\$237,368	\$603,789	\$79,743	\$0	\$22,611	\$1,454,546	\$0	\$32,427	
005	2%	\$989,914	\$966,615	\$11,076	\$12,825	\$312,528	\$630,186	\$5,289	\$17,898	\$1,607,145	\$112	\$0	
006	2%	\$989,914	\$953,543	\$17,877	\$25,037	\$268,838	\$641,791	\$32,797	\$3,308	\$1,295,592	\$267	\$0	
007	2%	\$989,914	\$944,998	\$52,967	\$30,240	\$263,950	\$597,842	\$43,477	\$1,159	\$1,040,275	\$280	\$0	
008	2%	\$989,914	\$914,804	\$19,881	\$19,404	\$72,280	\$803,239	\$73,899	\$982	\$978,824	\$229	\$0	
009	2%	\$989,914	\$804,316	\$21,555	\$7,068	\$71,079	\$704,614	\$185,414	\$0	\$242,433	\$184	\$0	

<b>Summary</b>				
Functional Class	Rehabilitation	Prev. Maint.	Funded Stop Gap	Unmet Stop Gap
Arterial	\$1,391,295	\$1,360	\$8,848	\$0
Collector	\$924,196	\$5,260	\$3,308	\$3,056
Residential/Local	\$3,236,088	\$334,256	\$33,801	\$29,371
<b>Grand Total:</b>	<b>\$5,551,579</b>	<b>\$340,876</b>	<b>\$45,957</b>	<b>\$32,427</b>

# City of Milwaukie

## Scenarios - Network Condition Summary

Date Printed 7/20/2004

PMS1035

**Interest: 4.00%**

**Inflation: 3.00%**

Scenario: Unconstrained  
Investment Level  
Equal  
Distribution

<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>	<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>	<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>
2004	\$989,914	2%	2005	\$989,914	2%	2006	\$989,914	2%
2007	\$989,914	2%	2008	\$989,914	2%	2009	\$989,914	2%

**Projected Network Average PCI by year**

<u>Year</u>	<u>Never Treated</u>	<u>With Selected Treatment</u>
2004	67	72
2005	65	75
2006	63	78
2007	61	80
2008	59	80
2009	56	81

**Percent Network Area by Functional Classification and Condition Class**

Condition in base year 2004, prior to applying treatments.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	3.5%	12.7%	44.4%	0.0%	60.6%
II / III	2.2%	5.0%	10.4%	0.0%	17.6%
IV	1.9%	1.5%	11.5%	0.0%	14.9%
V	0.0%	0.3%	6.5%	0.0%	6.9%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>

**Percent Network Area by Functional Classification and Condition Class**

Condition in year 2004 after schedulable treatments applied.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	4.6%	14.0%	55.4%	0.0%	73.9%
II / III	1.1%	4.2%	5.0%	0.0%	10.3%
IV	1.9%	1.0%	6.7%	0.0%	9.5%
V	0.0%	0.3%	5.9%	0.0%	6.3%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>

**Percent Network Area by Functional Classification and Condition Class**

Condition in year 2009 after schedulable treatments applied.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	4.9%	12.8%	71.9%	0.0%	89.6%
II / III	2.7%	6.7%	0.3%	0.0%	9.7%
IV	0.0%	0.0%	0.8%	0.0%	0.8%

## Scenarios - Network Condition Summary

PMS103

Scenario: Unconstrained  
Investment Level  
Equal  
Distribution

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<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>
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**City of Milwaukee**

**Scenarios - Cost Summary**

Date Printed 7/20/2004

PMS1034

**Interest: 4.00%**

**Inflation: 3.00%**

Scenario: \$200,000 Current  
Investment Level

Year	PM Amt	Budget	Rehabilitation	Condition Category			V	Prev. Maint.	Funded Stop Gap	Deferred	Surplus PM	Unmet StopGap
				II	III	IV						
2004	2%	\$200,000	\$195,416	\$46,403	\$137,806	\$11,207	\$0	\$0	\$4,584	\$2,225,883	\$0	\$69,106
2005	2%	\$200,000	\$195,222	\$11,076	\$12,825	\$171,321	\$0	\$0	\$4,778	\$2,954,104	\$0	\$26,056
2006	2%	\$200,000	\$195,501	\$17,877	\$32,865	\$144,759	\$0	\$0	\$4,499	\$3,395,103	\$0	\$15,775
2007	2%	\$200,000	\$195,173	\$52,967	\$30,176	\$112,029	\$0	\$0	\$4,827	\$3,807,450	\$0	\$13,415
2008	2%	\$200,000	\$194,694	\$19,881	\$11,164	\$163,649	\$0	\$0	\$5,306	\$4,437,283	\$0	\$13,946
2009	2%	\$200,000	\$195,603	\$39,322	\$11,854	\$144,428	\$0	\$0	\$4,397	\$4,789,636	\$0	\$80,335

**Summary**

Functional Class	Rehabilitation	Prev. Maint.	Funded Stop Gap	Unmet Stop Gap
Residential/Local	\$808,925	\$0	\$17,527	\$183,386
Collector	\$318,593	\$0	\$6,361	\$17,071
Arterial	\$44,089	\$0	\$4,503	\$18,176
<b>Grand Total:</b>	<b>\$1,171,609</b>	<b>\$0</b>	<b>\$28,391</b>	<b>\$218,632</b>

# City of Milwaukee

## Scenarios - Network Condition Summary

Date Printed 7/20/2004

PMS1035

**Interest: 4.00%**

**Inflation: 3.00%**

Scenario: \$200,000  
Current  
Investment Level

<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>	<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>	<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>
2004	\$200,000	2%	2005	\$200,000	2%	2006	\$200,000	2%
2007	\$200,000	2%	2008	\$200,000	2%	2009	\$200,000	2%

### Projected Network Average PCI by year

<u>Year</u>	<u>Never Treated</u>	<u>With Selected Treatment</u>
2004	67	69
2005	65	67
2006	63	66
2007	61	65
2008	59	64
2009	56	62

### Percent Network Area by Functional Classification and Condition Class

Condition in base year 2004, prior to applying treatments.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	3.5%	12.7%	44.4%	0.0%	60.6%
II / III	2.2%	5.0%	10.4%	0.0%	17.6%
IV	1.9%	1.5%	11.5%	0.0%	14.9%
V	0.0%	0.3%	6.5%	0.0%	6.9%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>

### Percent Network Area by Functional Classification and Condition Class

Condition in year 2004 after schedulable treatments applied.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	3.5%	13.4%	50.0%	0.0%	66.9%
II / III	2.2%	4.2%	5.0%	0.0%	11.4%
IV	1.9%	1.5%	11.4%	0.0%	14.8%
V	0.0%	0.3%	6.5%	0.0%	6.9%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>

### Percent Network Area by Functional Classification and Condition Class

Condition in year 2009 after schedulable treatments applied.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	1.4%	8.3%	53.4%	0.0%	63.1%
II / III	3.1%	8.4%	0.3%	0.0%	11.8%
IV	1.1%	1.3%	6.8%	0.0%	9.2%
V	1.9%	1.4%	12.5%	0.0%	15.8%

Date Printed 7/20/2004

## Scenarios - Network Condition Summary

PMS1035

Scenario: \$200,000  
Current  
Investment Level

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Total	7.6%	19.5%	72.9%	0.0%	100.0%
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## City of Milwaukie

### Scenarios - Cost Summary

Date Printed 7/24/2004

PMS1034

Interest: 4.00%

Inflation: 3.00%

Scenario: \$600,000  
Investment Level

Year	PM Amt	Budget	Rehabilitation	Condition Category					Prev. Maint.	Funded Stop Gap	Deferred	Surplus PM	Unmet Stop Gap
				II	III	IV	V						
104	2%	\$600,000	\$587,062	\$46,403	\$237,368	\$303,290	\$0	\$0	\$12,938	\$1,834,787	\$0	\$53,292	
105	2%	\$600,000	\$587,466	\$11,076	\$12,825	\$555,646	\$7,919	\$0	\$12,534	\$2,383,232	\$0	\$14,769	
106	2%	\$600,000	\$584,700	\$17,877	\$32,865	\$337,226	\$196,732	\$33	\$15,266	\$2,503,230	\$1	\$0	
107	2%	\$600,000	\$587,355	\$52,967	\$30,176	\$263,950	\$240,262	\$0	\$12,645	\$2,684,646	\$0	\$1,365	
108	2%	\$600,000	\$586,541	\$19,881	\$11,164	\$72,280	\$483,215	\$0	\$13,459	\$3,065,919	\$0	\$1,693	
109	2%	\$600,000	\$587,167	\$39,322	\$11,854	\$71,079	\$464,912	\$0	\$12,833	\$2,812,810	\$0	\$11,733	
110	2%	\$600,000	\$585,580	\$52,518	\$4,195	\$137,765	\$391,101	\$6,576	\$7,776	\$2,575,214	\$68	\$0	
111	2%	\$600,000	\$557,842	\$30,401	\$0	\$246,236	\$281,205	\$38,310	\$3,835	\$2,306,335	\$14	\$0	
112	2%	\$600,000	\$541,865	\$39,668	\$0	\$147,217	\$354,979	\$53,217	\$4,742	\$2,023,499	\$177	\$0	
113	2%	\$600,000	\$557,002	\$71,362	\$0	\$485,640	\$0	\$28,694	\$14,156	\$2,179,920	\$147	\$0	

<b>Summary</b>				
<u>Functional Class</u>	<u>Rehabilitation</u>	<u>Prev. Maint.</u>	<u>Funded Stop Gap</u>	<u>Unmet Stop Gap</u>
Residential/Local	\$3,764,588	\$123,879	\$62,160	\$66,489
Collector	\$1,493,178	\$1,714	\$17,180	\$7,963
Arterial	\$504,812	\$1,237	\$30,845	\$8,401

Date Printed 7/24/2004

### Scenarios - Cost Summary

PMS1034

Scenario: \$600,000  
Investment Level

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<b>Grand Total:</b>	<b>\$5,762,578</b>	<b>\$126,830</b>	<b>\$110,185</b>	<b>\$82,853</b>
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# City of Milwaukie

## Scenarios - Network Condition Summary

Date Printed 7/24/200  
PMS1035

Interest: 4.00%

Inflation: 3.00%

Scenario: \$600,000  
Investment Level

<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>	<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>	<u>Year</u>	<u>Budget</u>	<u>PM Amt</u>
2004	\$600,000	2%	2005	\$600,000	2%	2006	\$600,000	2%
2007	\$600,000	2%	2008	\$600,000	2%	2009	\$600,000	2%
2010	\$600,000	2%	2011	\$600,000	2%	2012	\$600,000	2%
2013	\$600,000	2%						

### Projected Network Average PCI by year

<u>Year</u>	<u>Never Treated</u>	<u>With Selected Treatment</u>
2004	67	71
2005	65	71
2006	63	72
2007	61	72
2008	59	73
2009	56	74
2010	54	76
2011	52	77
2012	50	77
2013	48	77

### Percent Network Area by Functional Classification and Condition Class Condition in base year 2004, prior to applying treatments.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	3.5%	12.7%	44.4%	0.0%	60.6%
II / III	2.2%	5.0%	10.4%	0.0%	17.6%
IV	1.9%	1.5%	11.5%	0.0%	14.9%
V	0.0%	0.3%	6.5%	0.0%	6.9%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>

### Percent Network Area by Functional Classification and Condition Class Condition in year 2004 after schedulable treatments applied.

<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	4.6%	14.0%	52.1%	0.0%	70.6%
II / III	1.1%	4.2%	5.0%	0.0%	10.3%
IV	1.9%	1.0%	9.3%	0.0%	12.2%
V	0.0%	0.3%	6.5%	0.0%	6.9%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>

### Percent Network Area by Functional Classification and Condition Class Condition in year 2013 after schedulable treatments applied.

**Scenarios - Network Condition Summary**

PMS1035

Scenario: \$600,000  
Investment Level

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<u>Condition Class</u>	<u>Arterial</u>	<u>Collector</u>	<u>Res/Loc</u>	<u>Other</u>	<u>Total</u>
I	4.4%	10.8%	72.9%	0.0%	88.2%
II / III	1.2%	7.6%	0.0%	0.0%	8.9%
IV	0.0%	0.8%	0.0%	0.0%	0.8%
V	1.9%	0.3%	0.0%	0.0%	2.2%
<b>Total</b>	<b>7.6%</b>	<b>19.5%</b>	<b>72.9%</b>	<b>0.0%</b>	<b>100.0%</b>



**CITY COUNCIL DISCUSSION:  
JULY 18, 2006**

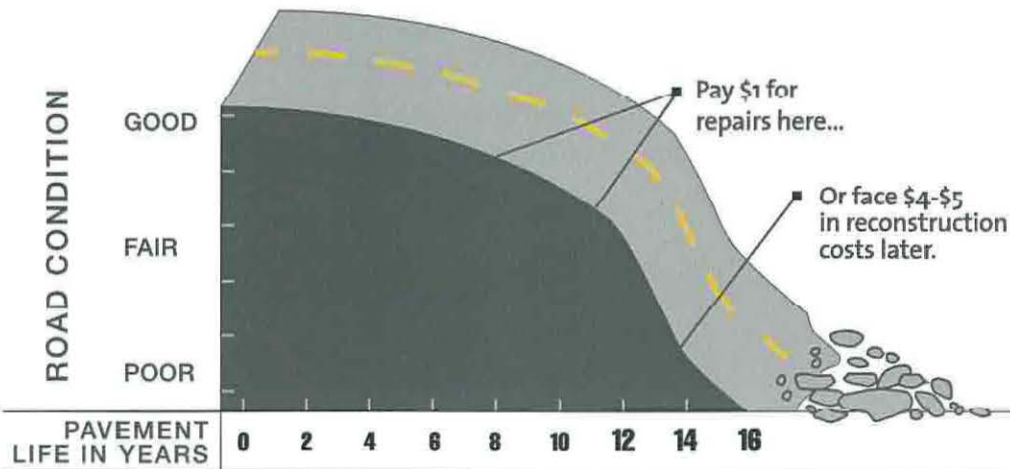
## CAUTION AHEAD

Milwaukie's streets are in a state of rapid decline. Some have already failed. Funding is not adequate to turn the situation around. If nothing is done, the roads will worsen and the cost to remedy the situation will skyrocket.

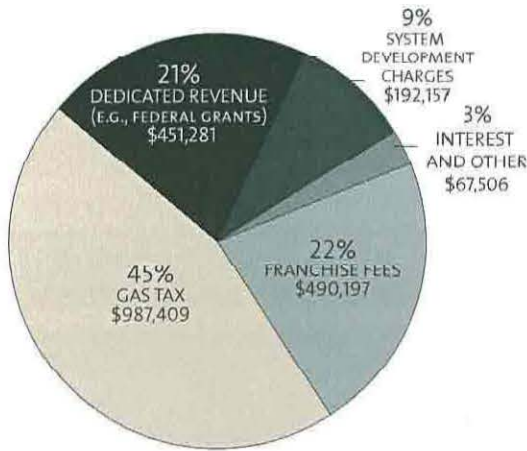
- Milwaukie's streets are worth over \$65 million. This investment is increasingly at risk.
- Road repair and construction costs are climbing while funding for street maintenance is shrinking.
- Current funding only covers temporary fixes like filling potholes and minimal crack sealing, but not permanent repairs.
- The longer we wait, the worse our roads get, and the more expensive repairs become.

ROADS IN GOOD CONDITION	ROADS IN FAIR CONDITION	ROADS IN POOR CONDITION
<p><b>\$1.50-\$3/SQ. YD. TO MAINTAIN</b></p> <p>Requires: Crack sealing</p> <p><b>55% OF MILWAUKIE ROADS ARE IN THIS CONDITION.</b></p>	<p><b>\$3-\$32/SQ. YD. TO REPAIR</b></p> <p>Requires: Slurry sealing, paving or overlay</p> <p><b>18% OF MILWAUKIE ROADS ARE IN THIS CONDITION.</b></p>	<p><b>\$32-\$70/SQ. YD. TO REPAIR</b></p> <p>Requires: Complete reconstruction</p> <p><b>27% OF MILWAUKIE ROADS ARE IN THIS CONDITION.</b></p>
		
<b>ESTIMATED COST OF NEEDED MAINTENANCE AND RECONSTRUCTION</b>		
<p><b>MAINTAIN ALL GOOD CONDITION ROADS: \$110,000</b></p>	<p><b>REPAIR ALL FAIR CONDITION ROADS: \$1,950,000</b></p>	<p><b>RECONSTRUCT ALL POOR CONDITION ROADS: \$5,200,000</b></p>

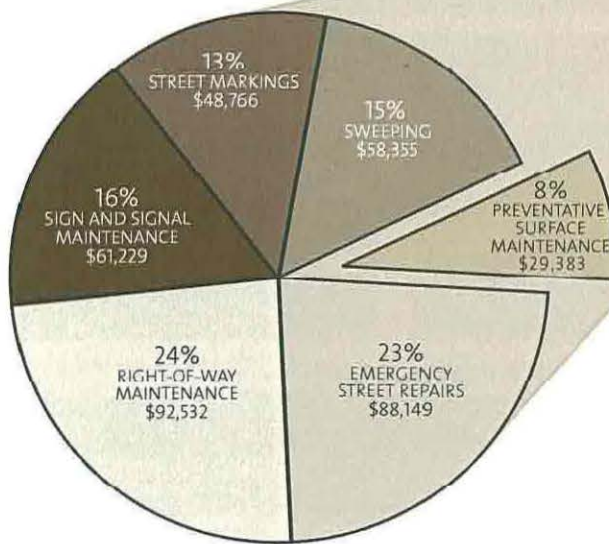
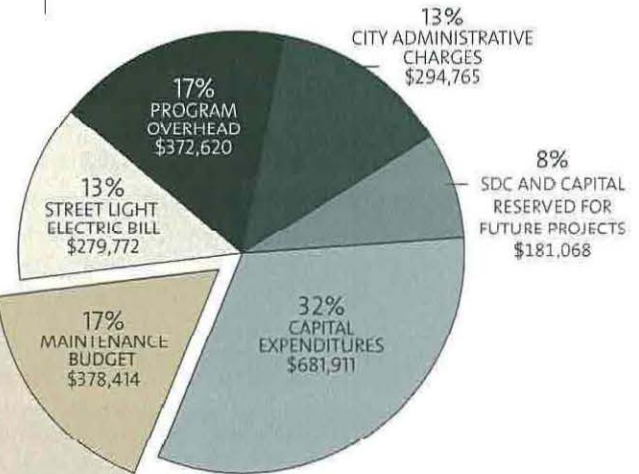
# PAVE NOW OR PAY LATER



## STREET REVENUES 2004-2005 (Total \$2.2 million)



## STREET EXPENDITURES 2004-2005



Out of a \$2.2 million budget, approximately \$30,000 is available each year to maintain Milwaukie's 150 miles of pavement.

## MAINTENANCE BUDGET (PERSONNEL AND MATERIALS) 2004-2005

## A LOOK AT MILWAUKIE'S STREETS

Milwaukie's street network is worth more than \$65 million and is one of the City's most valuable assets. In 2004 an engineering study found that the cost of the maintenance backlog will continue to grow unless enough funds are provided to repair and maintain our streets.

Source: EIS Inc., July 2004



Cracks due to aging. Large holes due to aged asphalt, poor base material and sub-base failure. Base failure creates soft spot that is pushed down by traffic.



Poor shoulder drainage contributes to deterioration of aging asphalt. As asphalt is eroded, gravel is exposed and released.



Water enters sub-base through cracks and, over time, the asphalt becomes brittle and breaks away. "Alligator" cracks caused by heavy vehicle traffic on aged asphalt.



Poor drainage allows water to saturate base and sub-base. Roadway releases gravel from asphalt mix.

\*PCI: Pavement Condition Index is a rating between 1 to 10 describe street surface quality and condition.

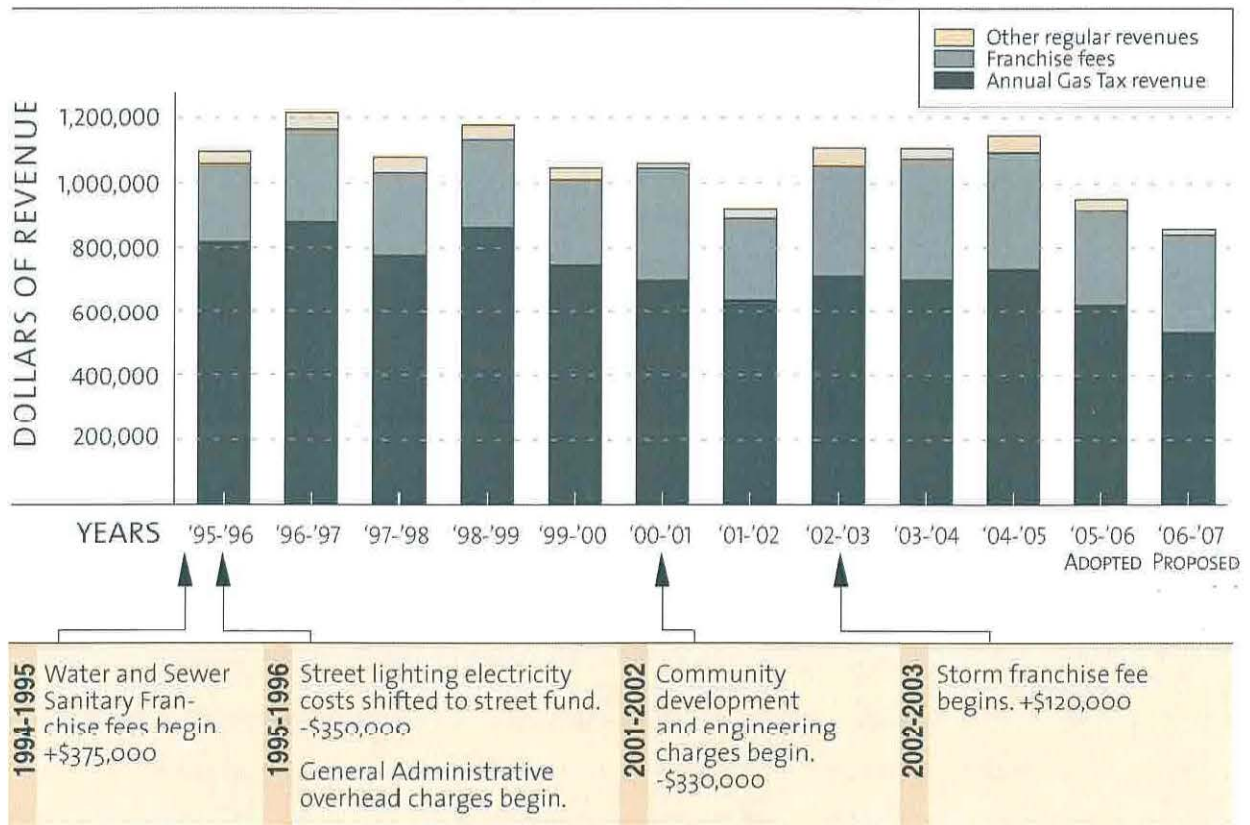
STREET FUNCTIONAL CLASS			PAVEMENT CONDITION INDEX (PCI) :						4-4.9 Poor, mix of overlay and reconstruct @ \$50/sq. yd		
A: Arterial C: Collector L: Local			>8 Good, no treatment 7-8 Good, crack seal @ \$150/sq. yd 5-6.9 Fair, overlay @ \$30/sq. yd			0-3.9 Poor, reconstruct @ \$70/sq. yd					
STREET	CLASS	PCI	STREET	CLASS	PCI	STREET	CLASS	PCI	STREET	CLASS	PCI
17TH AVE	C	7.5 - 7.9	ADAMS ST	L	2.1 - 7.8	HARVEY ST	L	2.1 - 8.1	RAILROAD AVE	C	2.3 - 7.9
19TH AVE	L	8.8 - 9.0	ANGELA WY	L	8.9	HAZEL ST	L	7.2	RAINBOW CIR	L	8.6
20TH AVE	L	4.1 - 5.5	APPENINE WY	L	2.9 - 9.0	HEMLOCK ST	L	8.2	RAINBOW LN	L	8.2
2151 AVE	C/L	6.4 - 8.3	APPLE ST	L	8.5	HILLSIDE CT	L	5.2	REDWOOD AVE	L	8.3
22ND AVE	L	7.2 - 7.3	ARDEN ST	L	7.0	HOME AVE	C	2.4 - 5.1	REGENTS CIR	L	8.5
23RD AVE	L	7.4 - 8.6	ASH CT	L	6.5	HOWE LN	L	7.5	REGENTS DR	L	8.4
24TH AVE	L	7.7	ASPEN ST	L	8.8	HOWE ST	L	1.9 - 9.0	RHODESA ST	L	6.2
25TH AVE	L	2.3 - 8.4	B ST	L	8.6	HUNTER CT	L	2.7	RIO VISTA ST	L	7.8 - 7.9
26TH AVE	L	1.9 - 9.0	BALFOUR ST	L	1.7	INTERNATIONAL WY	C	3.7 - 7.6	RIVER RD	A	6.3 - 7.2
27TH AVE	L	8.8	BARBA ST	L	8.8	JACKSON ST	L	3.1 - 8.4	ROBERTA LN	L	7.6
28TH AVE	L	4.2 - 8.2	BECKMAN AVE	L	8.6	JEFFERSON ST	L	6.5 - 8.1	ROCKVORST ST	L	9.0
28TH PL	L	5.5	BETA ST	L	8.4	JOBES CT	L	1.5	ROCKWOOD ST	L	3.8 - 7.7
29TH AVE	L	2.6 - 8.2	BIRK ST	L	3.9	JOHNSON CREEK BLVD	L	9.1	ROSWELL ST	L	4.5 - 8.9
30TH AVE	L	3.0 - 9	BLUEBIRD ST	L	7.5 - 9.0	JUNIPER AVE	L	8.8	RYAN CT	L	2.8
31ST AVE	L	2.6 - 9.0	BOB WHITE ST	L	4.3	KATHRYN CT	L	8.8	SCOTT ST	L	6.4
32ND AVE	C/L	4.4 - 9	BOSS LN	L	8.9	KEHRLI DR	L	5.8	SELLWOOD ST	L	8.9 - 9.0
33RD AVE	L	6.7 - 9.0	BOWMAN ST	L	8.4	KELVIN ST	L	4.0	SEQUOIA AVE	L	8.5
34TH AVE	C/L	5.0 - 8.8	BOYD ST	L	7.3	KENT ST	L	1.9	SEQUOIA PL	L	8.0
34TH CT	L	7.5	BRAE ST	L	7.4	KING RD	A/L	3.4 - 7.6	SHELL LN	L	2.3
35TH AVE	C	8.3 - 9.0	BROOKSIDE DR	L	7.0 - 8.4	LAKE RD	A	2.9 - 8.2	SHERRETT ST	L	7.1
35TH CT SE	L	9.0	C ST	L	8.2	LAMPLIGHTER AVE	L	3.3	SHERRY LN	L	4.2
36TH AVE	L	2.0 - 8.9	CAMPBELL ST	L	6.4 - 8.1	LARK ST	L	6.3 - 6.5	SOMEWHERE DR	L	9.0 - 9.5
37TH AVE	L	3.7 - 9.0	CEDARCREST DR	L	8.4	LAVA DR	L	2.1	SPARROW ST	L	7.7 - 9.0
38TH AVE	L	2.1 - 8.4	CHELSEA ST	L	8.2	LEONE LN	L	1.5	STANLEY AVE	C	3.2 - 6.9
39TH AVE	L	4.0 - 5.2	CHESHIRE LN	L	10	LICYNTRA CT	L	8.3	STANLEY CT	L	2.1
39TH CT	L	9.0	CLATSOP ST	L	7.7	LICYNTRA LN	L	8.9 - 8.9	STUBB ST	L	3.1 - 8.1
40TH AVE	L	1.3 - 9.0	CONWAY ST	L	2.2	LINWOOD AVE	A	7.3 - 7.4	SUNDIAL CT	L	6.2 - 8.0
41ST AVE	L	3.5 - 8.6	COVELL ST	L	7.3	LLEWELYN ST	L	2.8 - 8.4	TAMBARA ST	L	6.7
41ST CT	L	1.9 - 8.8	CRITERION CT	L	7.8	LLOYD ST	L	1.7 - 5.6	THOMAS CT	L	7.8
42ND AVE	L	5.6 - 8.1	D PL	L	8.7	LOGUS RD	L	6.8 - 7.3	VAN WATER ST	L	4.4 - 4.7
42ND CT	L	5.1	D ST	L	8.6	MADISON ST	L	8.5	VERNIE AVE	L	7.2
43RD AVE	C/L	5.3 - 8.6	DAPHNE CT	L	8.3	MADKONA DR	L	7.6	VERNIE CT	L	8.9
43RD CT	L	1.8	DAHERING CT	L	8.3	MAILWELL DR	L	2.8	VERNIE LANE	L	8.4
44TH AVE	L	3.9 - 8.6	DERDAN CT	L	8.7	MAIN ST	C	8.1 - 8.4	VIVALDI CIRCLE	L	3.0
44TH CT	L	9.1	DEWEY CT	L	6.4	MALCOLM ST	L	3.7 - 4.7	WAKE CT	L	1.5
45TH AVE	L	4.4 - 8.5	DICK ST	L	4.0	MALLARD WY	L	9.2	WAKE ST	L	2.8 - 3.1
46TH AVE	L	3.4 - 8.4	DRAKE ST	L	1.3 - 9.0	MAPLE CT	L	1.3	WASHINGTON PL	L	6.3
46TH CT	L	8.2	DREFSHILL ST	L	8.6	MAPLEWOOD CT	L	10	WASHINGTON ST	C/L	6.1 - 8.1
47TH AVE	L	7.2 - 8.6	DWYER DR	L	9.8	MARY CT	L	9.0	WAVERLY CT	L	4.7
48TH AVE	L	7.8 - 9.0	EAGLE ST	L	6.1	MASON CIR	L	8.5	WAYMIRE ST	L	8.7
49TH AVE	L	1.3 - 8.3	EDISON ST	L	6.8	MASON HILL DR	L	6.3 - 8.9	WEEDMAN CT	L	9.0
50TH AVE	L	2.6	ELK ST	L	4.1	MASON HILL LN	L	9.3	WEEDMAN ST	L	8.9
51ST AVE	L	1.0 - 3.5	ELSEWHERE LN	L	4.9	MASON LN	L	8.4 - 8.7	WEIKO WY	L	8.0
52ND AVE	L	1.8 - 6.6	ELSEWHERE LN	L	9.5	MCBROD AVE	L	1.9 - 7.7	WHERE ELSE LN	L	2.7 - 9.0
52ND CT	L	1.8	EUNICE ST	L	7.5	MEADOWCREST CT	L	7.9	WHERE ELSE LN	L	3.7
53RD PL	L	8.4	FIELDCREST DR	L	4.3	MEEK ST	L	7.9	WHITE LAKE RD	L	7.0 - 8.5
54TH CT	L	10	FIELDCREST RD	L	2.0	MELODY LN	L	8.7	WICHITA CT	L	1.8
54TH PL	L	4.7	FILBERT AVE	L	8.8	MILPORT RD	L	6.5 - 7.9	WILLARD ST	L	4.7 - 5.5
55TH AVE	L	4.7 - 7.4	FLOSS ST	L	8.3	MINTHORN LP	L	8.1	WILLOW ST	L	1.9 - 8.9
56TH AVE	L	1.7 - 9.2	FOXFIRE ST	L	2.7	MONROE ST	C/L	4.5 - 8.3	WILMA CIR	L	8.9
59TH AVE	L	2.2 - 8.4	FRANKLIN ST	L	5.1	MONTGOMERY DR	L	8.1	WINSOR CT	L	8.9
60TH AVE	L	5.8 - 7.4	FREEMAN RD	L	7.1 - 9.0	MOORES ST	L	6.9 - 8.2	WINSOR DR	L	8.3 - 9.0
60TH CT	L	8.4	FREEMAN WY	C	7.1 - 7.9	MULLAN ST	L	6.5	WINWORTH CT	L	1.8
63RD AVE	L	8.4	FURNBERG ST	L	8.2 - 8.7	MYRTLE ST	L	7.7	WISTER ST	L	7.7 - 8.7
63RD CT	L	8.7	GARRETT CIRCLE	L	5.7	NASE CT	L	9.0	WOOD AVE	L	1.9 - 7.5
64TH AVE	L	6.8 - 8.5	GARRETT DR	L	4.5 - 8.1	NORT IRIDGE CT	L	5.0 - 8.7	WOOD CT	L	4.1
64TH CT	L	8.5	GINO LN	L	9.0	OAK ST	C	6.0 - 8.4	WOODHAVEN ST	L	1.6 - 4.2
65TH CT	L	8.5	GROGAN ST	L	8.4	OATFIELD RD	C	6.6 - 6.9	WREN ST	L	1.9 - 9.0
66TH AVE	L	7.3	GROVE CT	L	4.6	OCHOCO ST	L	3.2 - 8.0			
67TH AVE	L	8.7	GROVE LP	L	2.0	OLSEN ST	L	4.0 - 8.9			
67TH CT	L	8.3	GUIDO BOCCI DR	L	9.0	OMARK DR	L	2.1			
69TH CT	L	8.3	GUILFORD DR	L	8.4 - 8.7	PARK ST	L	4.1 - 9.0			
70TH AVE	L	6.8 - 8.9	HANNA HARVESTER DR	L	2.0 - 9.6	PENNYWOOD CT	L	8.6			
71ST AVE	L	8.4	HARLENE ST	L	4.2	PENNYWOOD DR	L	8.5 - 8.8			
A ST	L	8.6	HARLOW ST	L	6.0	PENZANCE ST	L	7.8 - 8.9			
ADA LN	L	7.5 - 8.6	HARRISON ST	A/L	2.1 - 8.5	PLUM DR	L	8.7			

## A HISTORY OF STREET FUNDING IN MILWAUKIE

The Street Fund's capacity to pay for essential maintenance and reconstruction projects has declined significantly over the past decade.

1. Oregon Gas Tax revenue has declined.
2. Road construction and repair costs have grown very quickly.
3. There are new burdens on the Street Fund.

### HISTORICAL STREET FUND REVENUE



The dollar amounts in the chart are adjusted for the inflation in street construction costs. All revenues are shown in terms of how much road they could have "bought" in 1996.

# TO BRING ALL CITY STREETS TO A GOOD CONDITION WOULD COST \$1.2 MILLION PER YEAR FOR SIX YEARS\*

\*Source: EIS Inc., July 2004; updated by City staff in 2006 to account for inflation in construction costs.

## FUNDING "NON-OPTIONS"

- Federal grants are extremely competitive and typically do not pay for road reconstruction except as part of larger projects, such as building new lanes or sidewalks. FHWA: (503) 587-4704.
- ODOT's Preservation program only improves or maintains state highways. State grants to local governments are for special projects, such as bike or pedestrian facilities. ODOT: (503) 731-8237.
- The County only maintains county arterials and does not provide any money for city-managed roads. Clackamas County: (503) 353-4400.
- Private foundations do not fund governmental functions such as road maintenance.

## LOCAL OPTIONS FOR ROAD FUNDING

**PROPERTY TAX LEVY:** Increase in the City property tax levy 5 to 10 years.  
**Projected annual revenue:** \$1,000,000  
**Cost per month to typical household:** \$9.50 **Local Example:** Washington County MSTIP  
(Household with an assessed value \$150,000)

**STREET UTILITY FEE:** Charge all City utility payers a monthly transportation fee based on typical trip generation patterns.  
**Projected annual revenue:** \$750,000  
**Cost per month to typical household:** \$3.50-\$5.00 **Local Example:** Lake Oswego, Tigard, Tualatin & Wilsonville

**PGE PRIVILEGE TAX:** State law allows the City to charge a 1.5% "Privilege Tax" on total PGE revenues in the City. The tax would be passed through to PGE customers on electricity bills.  
**Projected annual revenue:** \$300,000  
**Cost per month to typical household:** \$0.75-\$2.00 **Local Example:** Gresham, Troutdale & Woodburn

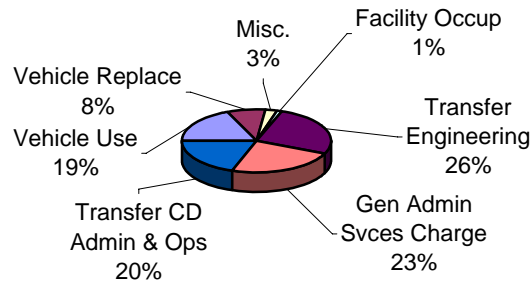
**SHIFT STREET LIGHTING COST:** Electricity costs for street lights are currently paid from the Street Fund. Shifting those costs back to the General Fund would free up additional money for street maintenance.  
**Projected annual revenue:** \$350,000  
**Cost per month to typical household:** \$0.00 **Local Example:** Beaverton, Hillsboro & Oregon City

**PAID PARKING:** Install meters in downtown for on-street and other City-owned parking.  
**Projected annual revenue:** Less than \$200,000  
**Cost per month to typical household:** Variable **Local Example:** Oregon City & Portland

## MILWAUKIE'S SOLUTION

LOCAL FUNDING OPTION(S)	STREETS/PROJECTS

Type	Item	Item Pays For ...	Calculation basis & share of total (if applicable)	Amount	Pct of Indirect	Pct. Of Total	
<b>Overhead expenses</b>	Vehicle Use	Vehicle fuel and maintenance	Actual cost.	\$118,964	18.5%	5.4%	
		Vehicle replacement fee	Estimated replacement cost.	\$53,902	8.4%	2.5%	
		Misc. expenses	Phones, office supplies, travel, training, software, safety equipment, computer replacement fee.	\$17,025	2.7%	0.8%	
		Facility Occup.	Maintenance, HVAC, rent, etc.	\$7,079	1.1%	0.3%	
				<b>Sub-total</b>	<b>30.7%</b>	<b>9.0%</b>	
<b>Contributions to Support or Administrative Functions</b>	Transfer to Engineering	Engineering Department provides engineering services and contract oversight for development services and on all public works projects.	25% of engineering budget not covered by other revenues (cost shared by the four utilities).	\$167,908	26.1%	7.6%	
	General Administrative Services Charge	City Council, City Manager, City Attorney, Human Resources, Liability Insurance, Finance, Records Management, Info Technology.	Based on proportion (by FTE) of City employment; Street Fund pays 5.75% of total.	\$150,650	23.5%	6.8%	
	Transfer to Community Development Admin & Operations	CD Admin oversees, coordinates and supports City development services, utilities, planning, and engineering. CD Admin secures grant funding, coordinates regional transportation development, and conducts economic development activities.	Based on proportion (by FTE) of CD group employment; Street Fund pays 16.1% of total.	\$126,856	19.7%	5.8%	
				<b>Total</b>	<b>\$642,384</b>	<b>100.0%</b>	<b>29.2%</b>





City of Milwaukie, Oregon  
 Street Funding Feedback  
 (Received to Date)

# Appendix 5

No.	Level of concern question					Willingness to consider local funding option					Funding options checked					Types of streets		Other comments.
	1	2	3	4	5	1	2	3	4	5	Property	Street	PGE	Shifting	Paid	Larger	Neighborhood	
1					<input type="checkbox"/>		<input type="checkbox"/>				<input type="checkbox"/>					<input type="checkbox"/>		Logus road has been our concern. King Road is an arterial has a great need for care. Please expand the City limit to what is claimed Mullen Road Development would add a tax base. Don't trust where the money will be used.
2				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>	Stanley Ave. & Logus both need imporvement to protect the safety of children going to and from school NOW!
3				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				<input type="checkbox"/>	Excessive speeding on Stanley when children are walking to and from school. Heavy trucks using Stanley afor JCB, King access all day, every day and speeding while doing so.
4				<input type="checkbox"/>			<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>	Logus Road
5				<input type="checkbox"/>			<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	Use runoff fees to repair roads. Make sure contractor repair roads when construction in complete.
6				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>				Fix whatever roades need it most. King, Monroe.
7				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>		Any roads leading to or around schools.
8				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>						<input type="checkbox"/>	
9				<input type="checkbox"/>					<input type="checkbox"/>							<input type="checkbox"/>		The assessed property value as it appears in option 1 is misleading. Realistically the \$9.50 cost per moth is probably closer to \$12.50 and Remember Lodus Road.
10				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						Logus east of 49th this area is high use and in school zone.
11				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>							
12				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Safety for road on all streeet. Logus and Stanley are school streets, as is King Road. These roads should have priority for being well maintained. Keep trucks off connector roads and large roads should help keep roads up.
13				<input type="checkbox"/>				<input type="checkbox"/>					<input type="checkbox"/>					Stanley, Logus, RR, 42nd, Fieldcrest, been waiting at least 10 years for a better road.
14	<input type="checkbox"/>					<input type="checkbox"/>								<input type="checkbox"/>	<input type="checkbox"/>			
15				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>					<input type="checkbox"/>		
16				<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>				<input type="checkbox"/>		According to the PCI the wors needs to be fixed 1st, to avoid accidents.
17				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>		If the whole funding is from porperty tax it will not pass a vote.

**City of Milwaukie, Oregon  
Street Funding Feedback  
(Received to Date)**

No.	Level of concern question					Willingness to consider local funding option					Funding options checked					Types of streets		Other comments.
	1	2	3	4	5	1	2	3	4	5	Property	Street	PGE	Shifting	Paid	Larger	Neighborhood	
18					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>							I am supportive of making Milwaukie more attractive and useable - so whenever you want to start is fine.
19					<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>				<input type="checkbox"/>		
20				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>		Combination of funding options. Reduce some street lighting in neighborhoods.
21					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>					No street utility fee. Needs to be done! Mix and match is best - try not to go for vote as it won't pass.
22					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>		King. Combine funding options to avoid levy.
23				<input type="checkbox"/>				<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Address the issue of a growing population using Milwaukie streets as throughfares - charge the other south of area for use of roads.
24					<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		King. Would like to see general meeting for everyone and online FAZ to forward and promote.
25				<input type="checkbox"/>				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>			
26				<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				Streets in the worst condition period King Road identified in Ardenwald.
27				<input type="checkbox"/>					<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			King Road
28													<input type="checkbox"/>					Fix Monroe - from 42nd to Fuller Rd. relieve traffic on King Rd. & Railroad.
29				<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>					Other users like Trimet & business using large trucking. Investigate lower cost lighting sodium vapor.
30				<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>					Urban renewal partial to street repair?
31		<input type="checkbox"/>					<input type="checkbox"/>									<input type="checkbox"/>		Reduce PGE bill
32		<input type="checkbox"/>							<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Lake Road. Try to be as efficient as possible.
33				<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>		
34			<input type="checkbox"/>						<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>		Ensure that other entities pay for road repairs - Trimet, others made funding cost equality to others, apartment dwellers.
35			<input type="checkbox"/>			<input type="checkbox"/>							<input type="checkbox"/>					Beef up good streets first, collect from Metro and other buses and trucks using arterial streets collect from renters.
36			<input type="checkbox"/>									<input type="checkbox"/>				<input type="checkbox"/>		
37					<input type="checkbox"/>				<input type="checkbox"/>		<input type="checkbox"/>					<input type="checkbox"/>		Lake and Monroe. Major streets should be a priority.
38				<input type="checkbox"/>						<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>		
39				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>		Railroad Ave. Very informative presentation.
40					<input type="checkbox"/>				<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>					Railroad.

**City of Milwaukie, Oregon**  
**Street Funding Feedback**  
*(Received to Date)*

No.	Level of concern question					Willingness to consider local funding option					Funding options checked					Types of streets		Other comments.
	1	2	3	4	5	1	2	3	4	5	Property	Street	PGE	Shifting	Paid	Larger	Neighborhood	
41				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>					<input type="checkbox"/>		King, RR, Monroe. Our roads need to be upgraded
42				<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	Monroe, Wood, King
43				<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	Monroe, Wood, King
44				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>		Adopt a street program
45					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>	Give me a yard sign tha tsays "Pave Now or Pay Later" and I will display it. Good ideas. Good approach. Good Luck.
46					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					Most economical in the long run? Eliminate shifting fund idea. People will say that all areas of the budget should be considered for shifting.
47				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>		
48				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>					<input type="checkbox"/>		Biggest first, then worst condition
49			<input type="checkbox"/>					<input type="checkbox"/>						<input type="checkbox"/>		<input type="checkbox"/>		Monroe between linwood and 42nd. I think you would hve better luck asking for a city tax like Multnomah County rather than ask for more property tax.
50					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Railroad. Use environmentally afe new product for repaving.
51			<input type="checkbox"/>				<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>		Funds from Metro, Trimet, UPS etx. Electric bills, alternative surface.
52				<input type="checkbox"/>				<input type="checkbox"/>			<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>		Tax with sunset. Check on non-fossil fuel-based road surfaces. Keep utilities from cutting them up.
53					<input type="checkbox"/>				<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Property tax only if it is specific. What, where and when, this cost = deliver what's expected. The worst street in the City is Monroe (42nd to Linwood) King would be second and Lake, lower end 3rd.
54				<input type="checkbox"/>				<input type="checkbox"/>				<input type="checkbox"/>						<input type="checkbox"/> Jackson Street and Monroe Street
55					<input type="checkbox"/>				<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Monroe, since it is a main street through the neighborhood. It need regrading and paving with sidewalks. To eliminate the hazard of people walking in the area.
56				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>				<input type="checkbox"/>	The smaller streets are in much poorer condition in some areas, exception is Monroe Stret from 42nd to Linwood.
57					<input type="checkbox"/>				<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>		Railroad Avenue, King Road
58				<input type="checkbox"/>						<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>		No paid parking in downtown. Monroe. Also would like 4 way stop at Monroe and Linwood.
59																		McLoughlin Blvd. - coordinate the stop lengths traffic is stopping up badly coming from the south.

**City of Milwaukie, Oregon  
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	1	2	3	4	5	1	2	3	4	5	Property	Street	PGE	Shifting	Paid	Larger	Neighborhood	
60																		Please consider emergency routes when considering traffic calming measures
61			<input type="checkbox"/>										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
62				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>		Local gas tax?
63				<input type="checkbox"/>						<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>		Lake Road, King Road, Harrison Street
64				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	I don't believe in dine and dash. We need to pay what's necessary to improve our roads
65				<input type="checkbox"/>						<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		Consider gas tax
66				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>		
67				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>		I trust your decision
68				<input type="checkbox"/>						<input type="checkbox"/>			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		
69				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>		
70				<input type="checkbox"/>						<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>		
71				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>		King, 17th, Railroad, McLoughlin, Monroe, Harrison. Decrease current expenditures; identify additional revenue sources. Milwaukie needs better streets to match all the new development projects!
72					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	Monroe, King, Harrison. I think it would be a good idea in the future to think about building sidewalks along Monroe St. for pedestrian safety purposes.	
73				<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		King Rd. needs to be resurfaced. It has become extremely rough for 35 MPH that speed should almost be reduced. Widen Railroad Ave. for bike lanes.	
74					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	Monroe, Wood. Taking the money from the Street Light fund and putting that cost back in the general fund is like playing a shell game. There isn't enough money in the general fund as it is what service will you discontinue if this is the route it is decided to take?	
75					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>		Jackson Street	
76					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>		Jackson Street, King Road, Neighborhood streets. Maybe, if down town Milwauki, had a little more to offer. More shops etc this would bring more money for Milwaukie. I know Office blocks are being built but our high street is very dead.	
77					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>		Washington, SE 40th Harriossn. Install sidewalks, or at the very lease, curbs	

City of Milwaukie, Oregon  
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No.	Level of concern question					Willingness to consider local funding option					Funding options checked					Types of streets		Other comments.
	1	2	3	4	5	1	2	3	4	5	Property	Street	PGE	Shifting	Paid	Larger	Neighborhood	
78			<input type="checkbox"/>					<input type="checkbox"/>							<input type="checkbox"/>			Erosion control on 40th between Washington and Adams. Parking in traffic lanes on Adams between 37th and 40th
79			<input type="checkbox"/>				<input type="checkbox"/>							<input type="checkbox"/>				
80				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>			Avenue. Other Strategies: Examine more
81				<input type="checkbox"/>			<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>					Thompson, Oatfield. Other Strategies: stop
82			<input type="checkbox"/>							<input type="checkbox"/>								Start repairs with streets which carry most traffic and are in worse condition, end with local streets which carry least traffic and are in the best condition.
83			<input type="checkbox"/>						<input type="checkbox"/>		<input type="checkbox"/>							Focus busy streets first. Less used streets later. Fix worst streets first. Whatever it works better. Good streets = better value of property.
84				<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>			Monroe east of 42nd, King Rd. between 42nd and SE Hollywood.
85				<input type="checkbox"/>					<input type="checkbox"/>						<input type="checkbox"/>			King Road. Deborah Barnes is a great counselor.
86				<input type="checkbox"/>					<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
87				<input type="checkbox"/>					<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>			
88				<input type="checkbox"/>					<input type="checkbox"/>									Repair the roads that can be saved. Pay lights out of PGE privilege tax
89			<input type="checkbox"/>				<input type="checkbox"/>						<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		
90					<input type="checkbox"/>				<input type="checkbox"/>									Rubbelize select street segments. Reduce street lights. Eliminate select street segments. Sell excess ROW to adjoining owners. Accept no new public street dedications. Pursue storm sewer extensino grants for water quality purposes. Amend street cross section standards
91				<input type="checkbox"/>			<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>		
92					<input type="checkbox"/>		<input type="checkbox"/>											Review the expenditures by line item to cut down cost. Ex. Administratino and overhead cost. Street lite cost and capital expenditures. Read just the street lite schedule auto switch to a more efficient method.
<b>Totals</b>	<b>1</b>	<b>2</b>	<b>11</b>	<b>43</b>	<b>32</b>	<b>3</b>	<b>8</b>	<b>9</b>	<b>41</b>	<b>26</b>	<b>32</b>	<b>41</b>	<b>44</b>	<b>35</b>	<b>22</b>	<b>47</b>	<b>10</b>	

## Street Maintenance Funding Outreach

**Meeting :** Lewelling NDA

**Date:** May 4, 2006

**Presenter:** Kenny Asher

**Scribe:** JoAnn Herrigel

**Tech:** Mike Clark

**Number of people attending:** 20 NDA members

### Questions on materials:

- Does 27% of roads in poor condition on page 1 include Overland?
- Doesn't our tax bill pay the PGE light bill?
- What determines street type?
  - What amount of traffic?
  - Is Logus a collector?
  - Logus has 15-1600 cars/day.
- Property tax numbers are misleading. Need more realistic numbers even if you are using assessed values – numbers are too low.
- PCI for Lake Rd seems wrong – why so high?
- Logus seems wrong too – it's rough and it has no shoulders

### Level of Concern:

- Streets are in need of repair – especially catch basins are needed
- 49<sup>th</sup> is eroded – need two catch basins on 49<sup>th</sup> and Logus

### Willingness to support funding options:

- Don't see results of the \$16/month storm fee. Why don't you use *that* (storm fee) money to fix the streets?
- Ok with giving money for roads but want to see money *really* go toward roads and want money to be used on MY road. I want my street to be on the list for within the next ten years at least.
- Any funding option should be accountable and fund projects city-wide (not just downtown)
- We need more money right here in our neighborhood
- Prioritize roads on a list and show people which roads would be fixed so people know what will happen with their money.
- Put projects in the CIP so everyone knows what will be done and when

- Improvements in the neighborhoods will enhance the value of the City by raising property values
- Roads won't get done unless we pay for them
- Only here since December – but obviously the road situation has been an issue for a long time

### **Maintenance Priorities:**

- Look at safety of children walking to school (Roads near schools should be highest priority)
- Look at number of kids walking on streets and number of cars and prioritize streets that way
- Do projects from the outside-in rather than inside-out (spend money in outer lying neighborhoods rather than only downtown)

### **Funding Option Preference**

- Pay Parking is a low priority

### **Other (Parking Lot):**

- King Road was taken over by the city from the county and the county gave us money for that.
- We were supposed to have handicapped access ramps on all streets and the City got money for that. The streets are still not fixed (King Rd isn't). The money was given in the 80s and placed in a fund. All the money is spent on “flower pots” (median strips) in downtown or speed bumps. Downtown gets all the money.
- The further you are from downtown the less money and attention you get.
- Street sweeper just messes up streets – leaves gravel all over the street – don't like those Elgins – there's no water in there – why don't they put water in there?
- We tried to get a light at Wichita for ten years. The City wouldn't do it and the county wouldn't do it.
- Need to educate the whole population – not just the NDAs
  - Maybe try school newsletters
  - Maybe do this massive outreach during the “sales” period after Council makes a decision re: funding options
- Why did Historic Milwaukie get traffic calming?
- Does Tri Met give the City an money for street usage?

## Street Maintenance Funding Outreach

**Meeting :** Hector Campbell NDA

**Date:** May 8, 2006

**Presenter:** Mangle

**Scribe:** Wheeler

**Tech:** Schleining

**Number of people attending:** 13 (including staff)

### Questions on materials:

- What's included in "overhead"
- Could streets funds be included in Urban Renewal effort in downtown?
- Why do we have to do street sweeping? (Who requires that?)

### Level of Concern:

- Lots of people from out of town using our streets – with annexation – we'll have even more – maybe we need tolls
- Property owners end up absorbing all the costs
- (General expression of concern – but no specific statements)

### Willingness to support funding options:

- If trying to get something passed to generate funds, consider demographics. A lot of apt dwellers, non-drivers and elderly that wouldn't or wouldn't vote yes...
- If this is a five year plan – what happens at the end of that term – where will the funds come from then? (Need to have LONG term option)

### Maintenance Priorities:

- City needs to prioritize the list of projects
- Keep good roads in good shape and THEN move to bad roads that are less traveled
- Major streets more a priority than neighborhood streets

### Funding Option Preference

- If added to utility bills then spread to non-home owners (renters)
- Factor in apt dwellers
- Option has to be equitable
- Look at what we need for the future too, so we don't have constant increases

- Program needs to include money to maintain roads in the future after they're upgraded (long-term maintenance funding needs to be in place)
- Look at ways to reduce costs such as different types of street lights (can we help PGE reassess lighting types and costs)
- Get Tri Met to contribute since they use roads
- Trucks need to contribute too
- Try to do some more work in house rather than contracting (look into whether that's cost effective)
- Make sure system we do use is efficient
- Is there chance of outside money of our streets really do fail???
- Street Utility fee and privilege tax are the only equitable solutions that spread costs to apt dwellers
- Charge people with cars whether they own homes or not
- Schools should write this into THEIR budgets since busses use streets
- Has there been any talk among cities regarding increasing gas tax?
- Could traffic tickets have additional assessment for streets funding?
- Have an SUV tax!
- If you put it on the ballot – it's a waste of time...people won't vote for it.

## Street Maintenance Funding Outreach

**Meeting :** CUAB

**Date:** May 9, 2006

**Presenter:** Shirey

**Scribe:** Herrigel

**Tech:** Shirey

**Number of people attending:** 8

Recommendation that Charles Bird speak for the CUAB.

### Questions on materials:

- Do we have legislation for fining people for littering?
- Is there a breakdown of administration/overhead expense so we can see if we can decrease it?
- Is engineering or streets budget on website?
- Does engineering have control over administration costs?
- Is there a line item for paying for buildings?
- Why has the Oregon gas tax declined?
  - Will continue to move away from fossil fuel base and apply tax to new fuels (biofuel, etc.)
  - Isn't tax distributed based on population?
  - Is fuel efficiency contributing to the decline?
- Safeway – tip generation is set and residential trip set, doesn't that lead to double-counting?
- Look at whether we have too many lights.
- Are street lights on auto-switch, light sensitive?
- How would money be prioritized for levy?

### Level of Concern:

- We need to tell Council we don't want to see streets decline.
- King Road is an embarrassment.

### Willingness to support funding options:

- Don't want streets to decline.
- Designate either areas or projects so we know where money will be used.

### Maintenance Priorities:

- Attend to good roads first to prevent slippage.

- Use triage for streets – some streets we can't afford to save.
- Be honest about the streets you can't save.
- Some roads are overbuilt – maybe begin pouring them down.
- Code and standards may need to be modified to be more realistic.
  - Would code modifications make street structures more flexible.
- Downtown gets lion share of money.

### **Funding Option Preference**

- What about shifting street light funds from streets to general fund?
  - If this is moved, the hole must be filled with other money.
- Street Utility Fee – Start with sense of fairness and then modify to fit the City.
  - Has to be fair.
- Base solution on science.
- Stop taking money out of maintenance fund for matching (prioritize maintenance)
- Put matching money on a levy rather than maintenance on levy.
- Establish what we will do each year. Any money left over used as match and if need more match, go to a levy.
- When we give matching funds - we have to do what they say?
- Privilege tax and streetlights is preferable. Keep streets at level maintenance first, and then use a match.
- Dedicate the money raised from the privilege tax to streets.
- Peg gas tax to amount of use.
- Ask Council – do we want to improve streets?
  - If improving streets, then property tax.
- PGE Tax and streetlight is first preference, then work on street utility fee.
- Try to reduce other funding option by 300k from PGE tax
- No parking meters.

## Street Maintenance Funding Outreach

**Meeting :** Ardenwald/Johnson Creek  
NDA

**Date:** May 9, 2006

**Presenter:** Shirey  
**Scribe:** Wheeler  
**Tech:** Shirey

**Number of people attending:** 16

### Questions on materials:

- Are any of the roads pictured eligible for federal funding – like for sidewalk projects?
- How is it that the City designates roads that are in need of “emergency repairs”.

### Level of Concern:

- Roads are definitely a problem

### Willingness to support funding options:

- Would want assurances that if funding was obtained, projects would be coordinated to make sure projects didn’t impede upon each other.
- As region grows, Milwaukie streets become more traveled which raises question about certain classifications – shouldn’t JCB be upgraded to a higher volume street.
- Out of town traffic is creating deterioration, but Milwaukie residents are being asked to provide funding.
- Those who are driving larger vehicles are creating more damage – equity issue.
- It will be difficult to develop solutions with conventional remedies.
- In Sellwood Bridge conversation, it was discussed that the solution should be developed from a Tri-County perspective since the region uses the system.
- New businesses add development should pay for the increased volumes they bring.

### Maintenance Priorities:

- Funding should be allocated to the roads that are in the worst shape.
- King Road was seemingly repaired, but then dug up again.

**Funding Option Preference**

- Nobody wants to pay more taxes, but it is something we have to look at.
- Support for PGE privilege tax and paid parking in the Downtown – “No brainers”.
- Shift lighting cost out of the street maintenance fund.
- If city suggests raising property taxes, “We will go to war.”
- Can SDC’s be used for sidewalks?

## Street Maintenance Funding Outreach

**Meeting :** Planning Commission

**Date:** May 9, 2006

**Presenter:** Mangle

**Scribe:** Kolver

**Tech:** Schleining

**Number of people attending:** 7

### Questions on materials:

- What's the street utility fee rate based on and how is this collected?

### Level of Concern:

### Willingness to support funding options:

- Outreach is important to help sell or market the ideas

### Maintenance Priorities:

### Funding Option Preference

- Property tax is more direct
- Street light fund seems a bit like subterfuge
- Shifting costs seems like a shell game
- Taxation seems like a fair way – representative – property tax verses market value
- Paid parking is contrary to pulling people downtown

## Street Maintenance Funding Outreach

**Meeting :** Lake Road NDA

**Date:** May 10, 2006

**Presenter:** Mangle

**Scribe:** DuVal

**Tech:** Clark

**Number of people attending:** 25

### Questions on materials:

#### Level of Concern:

- Let streets all go to critical

#### Willingness to support funding options:

- Philosophically, streets should be a utility that you pay for like water, lights etc.

#### Maintenance Priorities:

- Spend \$100 to protect what we have
- Need to be a City with streets and sidewalks

#### Funding Option Preference

- No utility fee (trip tax)
- Combine property tax and street lighting shift out of general fund
- If you do a tax levy have it be as small as possible
- Combine property tax, PGE and Street utility fee
- Have we had success with levies?
- In Washington County they did a lot of marketing to pass a measure
- There's benefit in PGE tax in that there's no vote required

## Street Maintenance Funding Outreach

**Meeting :** Linwood NDA

**Date:** May 11, 2006

**Presenter:** Mangle

**Scribe:** Ragel

**Tech:** Schleining

**Number of people attending:** 8

### Questions on materials:

- What is ROW maintenance? (What's included?)
- Would this include improvements like bike lanes?
- What happens after six years? After that what funding is needed?
- Why is street sweeping so important?

### Level of Concern:

### Willingness to support funding options:

- Not just local streets, should all users pay (like UPS and Tri Met?)

### Maintenance Priorities:

- If you tie in sidewalks I might be willing to pay more – we want sidewalks!
- Beckman and Railroad need sidewalks
- Stanley improvements led to speeding
- Utility companies come and rip up streets and they should leave them in the condition they found them (PGE Comcast etc)

### Funding Option Preference

- Could we use non-fossil fuel products in roads (instead of typical asphalt)? (Arizona – recycled asphalt product or cobble stone)
- Maybe a Metro user fee
- Utility fee for delivery businesses
- Paid parking in downtown could deter downtown revitalization right now – maybe in the future, though once retail is thriving it would work
- PGE privilege tax is fairer – everyone pays

## Street Maintenance Funding Outreach

Meeting : Island Station NDA

Date: May 18

Presenter: Mangle

Scribe: Ragel

Tech: Schleining

Number of people attending: ?

Questions on materials:

- How does new development pay their share? Houses are a wash, businesses generate more revenue
- How would trips fee be generated (collected?) – this seems fair
- Who maintains 99E? Can we get \$ from ODOT?

Level of Concern:

- City is currently in Triage state – this should change (CUAB member)
- Grants often require matching funds and gas tax is not adequate
- Streets are a utility – even if you don't drive much we all depend on streets for goods and services

Willingness to support funding options:

- Good streets might attract businesses

Maintenance Priorities:

Funding Option Preference

- Lights should move to general fund so gas tax can go to streets
- Could we get lower cost light bulbs?
- Are SDCs an option?
- Just shifting street lighting to general fund is not adequate – general fund is tight!

## Street Maintenance Funding Outreach

**Meeting :** Milwaukie Rotary

**Date:** June 6, 2006

**Presenter:** Asher

**Scribe:** Wheeler

**Tech:** Shirey

**Number of people attending:** ~ 35

### Questions on materials:

- How do you compute trips for businesses under the street utility fee option?
- What is “Program Overhead”?
- Does the street budget shown include salaries of those working in the Department?

### Level of Concern:

### Willingness to support funding options:

- If money is short, where is the money coming from to fund traffic calming islands in the Historic Milwaukie Neighborhood?
- Why not create a reserve for this problem through the annual budget process?
- Clackamas County makes decisions effecting Milwaukie, does the County give us any funding?

### Maintenance Priorities:

- How much damage do studded tires create?

### Funding Option Preference

- Sandy passed a 1-cent gas tax so that the funding option didn’t just tax Sandy residents, but those who live elsewhere who use the system. Has this option been investigated for Milwaukie?
- Why is paid parking being dismissed as a viable option? Oregon City and Portland use it.

## 5.4 Priority System Financing

### 5.4.1 Principles for Funding the Priority System

Funding the 2020 Priority System will require additional revenue sources. The following is an illustrative list of principles that should be evaluated when elected officials and others consider a strategy for pursuing additional revenue sources. The principles are not exclusive of one another; there will be a dynamic tension between competing principles. It will be up to decision-makers to balance these natural tensions in adopting a financial strategy. Additional principles may also be developed as further work is completed on a funding strategy for the 2020 Priority System as outlined in Section 6.8.14.

#### Adequacy

- *Adequacy in addressing funding shortfall.* A new source should make a significant contribution to the funding shortfall identified in this RTP.
- *Fee revenue should grow with increased use and inflation.*
- *Source of fee revenue should contribute to diversity of transportation revenue sources for overall stability of funding.* A revenue source should not be vulnerable to the same variable conditions, such as fuel efficiency or economic slowdowns, as existing transportation revenue sources.

#### Flexibility

- *Projects/programs supported should encourage public/private partnerships.* Fees should allow spending on projects that leverage private investments that produce additional transportation benefits.
- *Fee revenue should be flexible with ability to address changing transportation priorities.* Fees should allow spending on whichever transportation project is the priority for the implementing jurisdiction.
- *Existing flexible funding (STP, CMAQ and Enhancement funds) should remain flexible and available for any eligible priority project.* The region should continue to advocate to Congress to maintain the flexibility of these funds when applied to regional priorities and not dedicate this funding to any particular type or mode of transportation improvement.

#### Fairness

- *Fee related to use.* Fees paid should be related to use or beneficiaries of the improvements or maintenance. The gas tax costs drivers more the more they drive but does not address differences in fuel efficiency between drivers nor does it address whether the driver is using the system at congested periods of the day. System development charges (SDC's) are a method of charging growth for its effect on the transportation system. While there will always be baseline charges everyone pays for the benefits everyone receives from having a

transportation system, fees should provide the capacity to increase or decrease relative to the use of or impact to the transportation system.

- *Fee should have equitable geographic burden relative to area of benefit.* Maintaining access throughout the region and to regional facilities should receive fee contributions from throughout the region. Transportation facilities that only serve sub-regional or local purposes should be funded from sub-regional or local resources.
- *Fee should not unduly burden low and fixed-income populations.* While fees should provide capacity to increase or decrease with use of the transportation system, the sliding scale of transportation costs should recognize the burden that large, irregular charges pose to persons on fixed or limited incomes. Alternatives to these charges, such as alternative or reduced payment options or equitable transportation services, should be provided. An evaluation of new revenues should also include an analysis of the overall affordability of transportation fees for low and fixed income households.

### **Implement Policy Objectives**

- *Fees should support 2040 land use objectives.* New fees should be evaluated for potential effects on 2040 land use goals. For example, fees should not provide a disincentive for developing in Centers or promote development in rural areas.
- *Fees should help the region meet mode-split targets.* New fees should help the region meet mode-split targets by providing relative cost advantages to alternative modes to the single occupant vehicle.

### **Address Public Accountability**

- *Fees generated able to support identifiable projects with tangible benefits.* Fees should have the capacity to allow policy makers the ability to clearly define the relationship between the payment of the fee and the projects and/or maintenance to be provided. This capacity will allow policy makers to educate the public about the benefits of the transportation improvements provided relative to the fees paid.
- *Minimize administrative costs.* Fees should utilize existing administrative systems and/or be simple to collect and allocate to minimize the costs of collecting and distributing fee revenue. This will ensure maximum benefits from the fee and greater public satisfaction with the fee structure.

## **5.4.2 Potential New Revenue Sources**

This section provides a description of revenue sources currently in use in the Metro region that could provide additional revenue as well as new sources of revenue that have been recently studied as potential sources of transportation funding. These revenue sources are divided into four broad categories: user-pay systems, development-based systems, special funds and levies

and other transportation financing options. Additional sources of transportation funding may be considered as policy-makers develop a long-term transportation funding strategy for this region.

### User Pay Systems

- **Increase in State gas tax.** Under current rates of distribution of state gas taxes, an additional 1 cent in the state gas tax would initially result in an additional \$5 million annually for the regional road system and an additional \$3.9 million annually for the state highway system within the Metro area. By the year 2020, that same one cent increase would result in an additional \$6 million for the regional road system and \$4.6 million for state highways in the Metro region.
- **Increase in State vehicle registration fee.** An increase in the state vehicle registration fee of \$10 would result in an additional \$92 million in year of expenditure dollars for highway capital projects and \$86 million in year of expenditure dollars for road capital projects during the 20-year plan period in the Metro region.
- **Tri-county gas tax.** Revenue could be created for transportation maintenance or capital projects with a uniform gas tax in Clackamas, Multnomah and Washington counties. Raising the tax in Clackamas and Washington counties to equal Multnomah County's 3 cents per gallon gas tax would create an additional \$4.7 million of revenue in the year 2000 for the regional road system, increasing to \$6.8 million by the year 2020. Each additional 1 cent per gallon would create an additional \$3.7 million of revenue in the year 2000 for the regional system, increasing to \$5.4 million by the year 2020.
- **Tri-county vehicle registration fee.** Authority already exists for the three counties or Metro to refer to voters a vehicle registration fee up to the amount of the state vehicle registration fee. At \$40 per biennium, approximately \$25 million could be raised in the region in the year 2000, increasing to \$33.5 million in the year 2020.
- **Peak period pricing.** Electronic tolling of highway use during congested periods can provide some revenues for needed highway expansions. In addition, peak period pricing can manage congestion on new highway lanes, thereby extending their life and reducing the need for future expansions. The Traffic Relief Option Study, undertaken with the guidance of a citizen's task force and completed in 1999 by Metro and ODOT, examined the potential of various types of roadway pricing to meet regional transportation, environmental and land use goals. The citizen's task force recommended that pricing be considered whenever major new highway capacity was planned. The study found that congested roadways had the potential to generate some revenue towards the cost of construction.

The evaluation of the performance of eight specific pricing options is contained in *Working Paper 9* dated May 10, 1999. The study recommended further consideration of peak period pricing on all major, new highway capacity projects. A regional analysis of the effect of this approach to pricing is currently being conducted. Further analysis is recommended as part of individual highway projects.

## Development-Based Systems

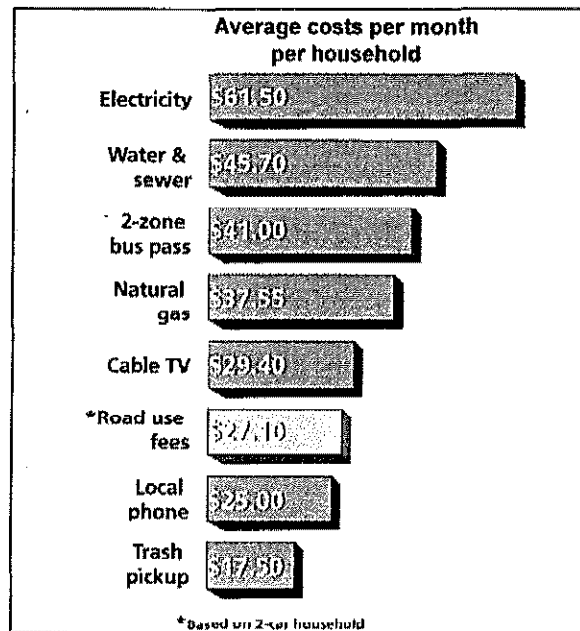
- **Increase in system development charges.** Cooperation among most or all of the jurisdictions of the region to pursue a partial or full cost-recovery strategy for transportation infrastructure with system development charges would result in additional revenues available for transportation purposes. The amount of revenue available would depend on the exact nature of the policy, the number of jurisdictions participating, and the costs of providing infrastructure in each jurisdiction.

## Special Fees and Levies

- **Road maintenance – transit utility fee.** A road maintenance or transit utility fee is a general assessment of properties for maintenance and/or operation of the transportation system that serves the property. Figure 5.8 shows that, on average, transportation fees are among the least expensive utilities when compared to other utilities in the Portland metropolitan region. The city of Tualatin has such a system that assesses property by the number of vehicle trips typically generated by the developed use of that property. The fee is collected as a part of the city utility bill. This fee could be implemented by ordinance within any city or county in the Metro region. A road maintenance utility fee similar to Tualatin's, implemented by all of the local jurisdictions on property within the Metro region, could generate approximately \$22 million in the year 2000, increasing to \$32 million in the year 2020. Rates could be adjusted to collect revenues equal to all or some portion of the cost to maintain each jurisdiction's road system or to provide transit service to an area.

Figure 5.7

### 1999 Comparative Utility Costs



Source: Metro

- **Payroll tax rate increase for transit.** A potential source of additional revenue for transit operations would be to raise the rate of the payroll tax for either TriMet or SMART. An increase of .1 percent of the payroll tax rate would raise \$21 million annually in the TriMet district or approximately \$500,000 annually in the SMART district (\$1998). TriMet's payroll tax rate is limited by state statute.
- **Property tax general obligation bond.** General obligation bonds, backed by property taxes have been used for transportation improvements in the Metro region, especially for capital projects. These taxes must be approved by voters in a general election. A tax of 1 cent per \$1,000 of assessed property value would raise \$770,000 annually in the Metro region in the year 2000, increasing to approximately \$1.5 million by the year 2020. Bonding this revenue stream for capital projects would incur bonding and interest costs but save money on project inflationary costs by constructing the projects earlier than would otherwise be possible.
- **Vehicle miles traveled fee.** A fee on the miles of travel for non-commercial vehicles registered in the three metro counties (or some portion thereof) could be implemented. A fee of 1 cent per mile, indexed to inflation, for residents of the Metro region would generate \$1.33 billion over the course of the 2000 - 2020 plan period. At one cent per mile, the average cost per vehicle would be approximately \$10 per month.
- **Parking Fee for non-residential spaces.** A fee for each non-residential off-street parking space could be levied within the Metro region. A fee at the rate of \$1 per month per space, indexed to inflation would generate \$197 million over the course of the 2000 - 2020 planning period. This total assumes a 10 percent reduction in parking spaces per capita by year 2020 as a result of parking ratios defined in Title 2 of the Urban Growth Management Functional Plan and is consistent with state transportation planning rule requirements.

### **Other Transportation Financing Options**

The Oregon Department of Transportation has recently published the final report of the "Innovative Finance Study," a review of potential new sources of transportation funding. In addition to several of the potential sources described, the study investigated the potential for funding transportation projects with:

- **Value Capture:** private interests compensating a public agency for a portion of the economic value created to the private interest with the creation of the transportation facility
- **State Infrastructure Bank:** A revolving fund that can offer loans and credit assistance to sponsors of certain highway or transit capital projects.
- **Federal Credit - Transportation Infrastructure Finance and Innovation Act:** This act authorizes state transportation departments to provide secured loans, loan guarantees and standby lines of credit to sponsors of certain highway and transit projects.

- **Grant Anticipation Notes:** This allows state transportation departments to generate up-front capital for large capital projects by allowing recovery of interest payments and other bond issue costs on anticipation of receipt of future federal grant monies.

The Metro region, in cooperation with the Oregon Department of Transportation, could pursue these finance options for eligible transportation improvements. Other sources of revenue new to this region could also be considered to fund transportation needs.

### **5.4.3 Finance Concepts for Funding the Priority System**

The following is a general description of what would be necessary to provide revenues to fund the 2020 Priority System. A more detailed financial analysis is necessary to accurately identify how much revenue would be raised by increases in existing revenue sources or by the creation of new revenue sources. Further study and engineering is also needed to more accurately estimate the project costs of the 2020 Priority System.

Each agency or jurisdiction that administers a revenue source has the authority to control the spending of additional revenues from those sources in accordance with any laws governing the revenue source. The following scenarios are only to illustrate the magnitude of what would be required to fund the 2020 Priority System. Four possible scenarios for raising the revenues necessary to fund the 2020 Priority System are described for comparative purposes but do not constitute an adopted financial strategy for the region.

#### **The Problem**

Many jurisdictions in the region have traditionally relied on the State Legislature to increase the state gas tax as a primary means of funding their transportation needs. As such, revenues from the State Highway Trust Fund, which is funded from the state gas tax revenues and related truck fees and vehicle registration fees, has become the primary source of transportation funding for many jurisdictions in the region. The problem the region is facing by relying primarily on this revenue source is that it is subject to two factors that reduce its purchasing power over time; inflation and increasing vehicle fuel efficiency. Therefore, the gas tax cost per mile driven in Oregon (in current \$) has decreased from 2.6 cents per mile in 1970 to 1.3 cents per mile today.

This reduction in revenues relative to road use in the state has reduced the ability of ODOT and local jurisdictions to maintain the transportation system at optimum levels and to respond to growth with modernization projects. There is currently a backlog of maintenance work to be completed on both state highways and on the regional arterial and major collector road system. There is a need to not only address this backlog of maintenance needs but to increase fees just to address further reductions in purchasing power of the existing state gas tax revenues which would result in further deterioration of maintenance levels. In addition to maintenance needs, there are highway, road, and transit modernization projects that need funding to address current needs and needs that will be created by the growth of population and jobs in the region. An increase in transit operating revenues will also be needed to address growth in transit service needs in the region.

A major challenge in transportation financing is funding road and highway maintenance and preservation at optimum levels (defined here in general terms as keeping pavement at 90 percent in fair or better condition). To extend the life cycle of existing facilities, transportation agencies generally attempt to achieve this standard as a priority for spending over building new facilities that would then add to future maintenance and preservation costs. On average, most agencies in the region have only been able to maintain pavement condition at approximately 77 percent fair or better condition. This has created a backlog of maintenance needs. The first three funding concepts below address this backlog and fully fund maintenance and preservation costs, in addition to new capital projects. The fourth funding concept does not attempt to address the backlog of maintenance needs and demonstrates what level of funding is necessary to maintain existing pavement conditions. It should be noted that this funding concept does not account for any increase in capital funding necessary that may result from premature failure of existing facilities due to not being optimally maintained.

Four funding concepts are described below that would address these needs. The concepts are summarized in Table 5.14. More detailed information on how each of the following funding sources would address 2020 Priority transportation system needs can be found in the Appendix.

#### **Concept 1: Annual 4¢ State Gas Tax Increase**

Continuing to rely on annual increases to the state gas tax would require action by the State Legislature to increase the state gas tax by 4 cents every year for the next 20 years. This would address the declining purchase power of the gas tax revenues, fund the backlog of maintenance needs, fully fund modernization of the 2020 Priority system and provide additional revenue for local road capital projects.

Under this concept, it will be necessary to provide additional funds to expand transit operations to levels anticipated in the 2020 Priority system. Increasing the rate of the payroll tax by .1 percent from current rates (TriMet = .6 percent, SMART = .3 percent) would significantly address the funding shortfall needed to operate the 2020 Priority System transit network.

Current law does not allow State Highway Trust Fund revenues to be used for transit capital or operations. However, fully funding the highway and road maintenance and modernization needs with increases in the state gas tax would allow the maximum amount of existing flexible revenues (STP, CMAQ and Enhancement funds) to be used for transit; an additional \$284 million over the course of the planning period. General obligation property tax bonds could provide the remaining \$699 million needed for transit capital projects to implement the 2020 Priority transit system. An average annual cost for the owner of a home assessed at \$150,000 in value would be approximately \$58 between the years 2005 and 2040 to retire the bonds. Actual annual costs would vary depending on the bond terms and conditions.

#### **Concept 2: Fund Maintenance Locally**

Another alternative concept to funding the 2020 Priority transportation system would be to address the funding shortfall for City and County road maintenance locally and fund capital projects and ODOT highway maintenance with state gas tax increases when action from the state Legislature is feasible.

Several funding tools could potentially be used to provide additional revenues for maintenance. Additional local gas taxes and a local vehicle registration fee could be used for City and County maintenance needs. If the three Metro area counties implemented a uniform 3 cent per gallon gas tax with an annual 1 cent increase and a local \$15 vehicle registration fee, a significant portion of the City and County maintenance backlog could be addressed, maintaining road conditions at improved conditions from today.

A street utility fee, similar to such fees already in place in cities such as Tualatin, Wilsonville, and Grants Pass, could be implemented throughout the region. Street utility fees are typically included as part of a city or special district water and sewer or other utility billing. The City of Tualatin's fee structure is based on average vehicle trips generated by the land use classification of the property. A fee at two and a half times the current City of Tualatin rate implemented throughout the region would address a significant portion of the City and County maintenance backlog. At this rate the cost to a single family home would be \$3.56 per month. Costs to other land uses (commercial, industrial, etc.) would vary. Rates could be set to achieve any level of maintenance desired by the implementing jurisdiction.

Road maintenance districts are property tax based assessments for the purpose of maintaining the transportation system under the premise that every property in the billing area benefits from the access provided by the transportation system. Washington County currently has a road maintenance district for unincorporated areas. If such a district were put in place throughout the region at approximately twice the current rate of Washington County's district, city and county roads would continue to be maintained at current standards through the planning period (to year 2020). This would cost the owner of a home assessed at \$150,000 approximately \$6.25 per month.

Any one of or a combination of the above new revenue sources could be implemented throughout the region to address city and county maintenance needs. This would demand that ODOT highway maintenance and road and highway capital project funding to be addressed at the state level. To fully fund the needs in these areas and stay even with inflation, as defined by the 2020 Priority system, would require a 2 cent increase in the state gas tax every year throughout the planning period. A \$9 increase in the state vehicle registration fee could be implemented in lieu of a 1 cent increase in the state gas tax.

As ODOT's share of the annual 2 cent increase in the state gas tax would be used to meet highway maintenance needs, the City and County share of the state gas tax increases would need to pay for the modernization of both road and highway projects of the 2020 Priority system. Tolling revenues would also be needed for highway capital costs.<sup>8</sup> Therefore, cities and counties would need other sources of new revenue to pay for the construction of local roads. This financial concept assumes local jurisdictions would raise system development charges (SDC's) and/or other sources to fund the costs of constructing local streets.

If a street utility fee were considered throughout the region for street maintenance, it could also be considered for transit operations. A transit utility fee with rates at or slightly higher than the

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<sup>8</sup> An analysis of potential toll revenues that could be used to help fund Priority system projects is underway at the time of this draft of the RTP. Specific information from that analysis will be included in future drafts of the RTP produced following adoption of the Traffic Relief Options study.

City of Tualatin's street maintenance fee would generate revenues to address revenue needed to operate the 2020 Priority transit system. At the Tualatin rate, the cost to a single family home would be \$1.42 per month while costs to other land uses would vary according average vehicle trip generation rates.

The "Fund Maintenance Locally" concept would not raise as much revenue for the road system as an annual 4 cent increase to the state gas tax. The additional funding, however, could allow some additional flexible revenues to be allocated to transit capital projects. An additional \$53 million of flexible revenues would bring expenditures on transit capital to half of the available flexible funds. General obligation property tax bonds could provide the remaining \$932 million needed for transit capital projects to implement the 2020 Priority transit system.

### **Concept 3: Fund Modernization Locally**

Another alternative concept to funding the 2020 Priority transportation system would be to address the funding shortfall for maintenance with state gas tax increases and fund capital projects with new local sources.

To fully fund the maintenance needs of the state highway and city and county road system would require a 2 cent increase in the state gas tax every year throughout the planning period. A \$9 increase in the state vehicle registration fee could be implemented in lieu of a 1 cent increase in the state gas tax.

With maintenance addressed by state funding sources, local jurisdictions could attempt to fund highway and road modernization locally. Two new potential sources of transportation revenue could be considered for modernization projects; a fee on vehicle miles traveled (VMT) and a fee on non-residential parking spaces.

At a rate of 1cent per mile and indexed to inflation, a VMT fee on residents of the Metro region would generate \$1.33 billion over the course of the planning period. This represents approximately one half of the funding shortfall of road and highway capital projects in the 2020 Priority system.

A \$7 per space, per month parking fee on all non-residential parking spaces in the region, indexed to inflation, would generate \$1.38 billion over the course of the planning period. This represents approximately one half of the funding shortfall of road and highway capital projects in the 2020 Priority system. This financial concept assumes local jurisdictions would raise system development charges (SDC's) and/or other sources to fund the costs of constructing local streets.

As with the "Annual 4¢ State Gas Tax Increase" concept, increasing the rate of the payroll tax by .1 percent from current rates (TriMet = .6 percent, SMART = .3 percent) would significantly address the funding shortfall needed to operate the 2020 Priority Transit network.

The "Fund Modernization Locally" concept would also not raise as much revenue for the road system as an annual 4 percent increase to the state gas tax. The additional funding, however, could allow some additional flexible revenues to be allocated to transit capital projects. An additional \$53 million of flexible revenues would bring expenditures on transit capital to half of

the available flexible funds. A combination of system development charges and general obligation property tax bonds could provide the remaining \$932 million needed for transit capital projects to implement the 2020 Priority transit system.

#### **Concept 4: Accept Current Maintenance Levels**

A final funding concept to be presented in the RTP is for agencies and jurisdictions in the region would be to accept the current level of maintenance of area roads and bridges. Today, approximately 77 percent of regional roads and highways are maintained at fair or better pavement condition. While maintaining the road system at 90 percent fair or better pavement condition provides the longest life of the facility and safest operating conditions, the agencies and jurisdictions of the region may decide that it is simply not feasible to fund maintenance at this level.

An annual increase of 1 cent in the State gas tax would allow ODOT to continue to maintain highways in the region at current levels. The same annual 1 cent increase in the State gas tax would allow cities and counties to use their share to maintain roads in the region at current maintenance levels.

Funding modernization of the highway and road system to implement the 2020 Priority transportation system would take additional resources. A second annual increase of 1 cent in the state gas tax, for a total of 2 cent annual increase, in conjunction with an increase in system development charge revenues and tolling of new highway lanes could fund modernization of the 2020 Priority road and highway system.

As described in the other concepts, an increase in the payroll tax rate could fund additional transit service to implement the Priority transit system.

In this funding concept, no additional flexible revenues would be shifted from road and highway projects to transit projects. A combination of system development charges and general obligation property tax bonds could provide the additional \$985 million of local revenues needed for transit capital projects to implement the Priority transit system.

#### **Conclusions**

- The Priority transportation system is not too large or expensive relative to past per capita expenditures in transportation or in relative utility costs.
- The region will need actions at both the state and local levels to successfully fund the 2020 Priority System and keep up with inflation.
- The region will need new, creative sources of transportation revenue to successfully fund the Priority system and keep up with inflation.
- In the short-term, until new funding sources are established, setting clear priorities for spending will be increasingly important as funding will be limited to less than the identified need.

**Table 5.14  
RTP Priority Transportation System Funding Concepts**

<b>Transportation Cost Category</b>	<b>Funding Shortfall to Address</b>	<b>Concept 1 Annual 4¢ State Gas Tax Increases</b>	<b>Concept 2 Maintenance Funded Locally</b>	<b>Concept 3 Modernization Funded Locally</b>	<b>Concept 4 Accept Current Maintenance Level</b>
<b>A</b> City/County OM&P	\$77 m to \$240 m annually <sup>1</sup>	<i>Improve pavement conditions</i> - Local share of 2¢/gal annual increase in state gas tax <sup>3</sup>	<i>Improve pavement conditions</i> Pursue local sources • Gas tax + local vehicle registration fees and/or • Street utility fees and/or • Road maintenance districts	<i>Improve pavement conditions</i> - Local share of 2¢/gal annual increase in state gas tax <sup>3</sup>	<i>Accept current pavement conditions</i> - Local share of 1¢/gal annual increase in state gas tax <sup>3</sup>
<b>B</b> Highway OM&P	\$44 m to \$166 m annually <sup>1</sup>	<i>Improve pavement conditions</i> - State share of 2¢/gal annual increase in state gas tax <sup>3</sup>	<i>Improve pavement conditions</i> - State share of 2¢/gal annual increase in state gas tax <sup>3</sup>	<i>Improve pavement conditions</i> - State share of 2¢/gal annual increase in state gas tax <sup>3</sup>	<i>Accept current pavement conditions</i> - State share of 1¢/gal annual increase in state gas tax <sup>3</sup>
<b>C</b> Highway, Road, Bike and Pedestrian Modernization	\$1.65 b Highways and \$2.89 b Roads <sup>2</sup>	- Additional 2¢/gal annual increase in state gas tax <sup>3</sup> (\$1.5 b to local streets)	• Local share of 2¢/gal annual increase in state gas tax <sup>3</sup> • Tolling of new highway lanes	Pursue local sources • Household fee on vehicle miles traveled • Business fee on parking spaces	- Additional 1¢/gal annual increase in state gas tax <sup>3</sup> • System development charges • Tolling of new highway lanes
<b>D</b> Transit Operations & Routine Capital	\$32 m to \$186 m annually <sup>1</sup>	- Increase in rate of payroll tax	• Street utility fees	- Increase in rate of payroll tax	• Increase in rate of payroll tax
<b>E</b> Transit Capital	\$1.73 b <sup>2</sup>	• Maximize allocation of regional flex funds • G.O. bonds	• Increase allocation of regional flex funds • G.O. bonds	• Increase allocation of regional flex funds • System development charges • G.O. bonds	• System development charges • G.O. bonds
<b>Total New Revenue to Address Funding Shortfall</b>		Mod-Capital (C+E) = \$4.27 b <sup>2</sup> OM&P (A+B+D) = \$153 to \$592 m annually <sup>1</sup>	Mod-Capital (C+E) = \$4.27 b <sup>2</sup> OM&P (A+B+D) = \$153 to \$592 m annually <sup>1</sup>	Mod-Capital (C+E) = \$4.27 b <sup>2</sup> OM&P (A+B+D) = \$153 to \$592 m annually <sup>1</sup>	Mod-Capital (C+E) = \$4.27 b <sup>2</sup> OM&P (A+B+D) = \$93 to \$389 m annually <sup>1</sup>

<sup>1</sup> In year-of-expenditure dollars based on existing funding resources forecast through the year 2020.

<sup>2</sup> In 1998 dollars based on financially constrained revenue forecasts allocated to priority projects of the RTP Strategic System. Does not include potential private revenue sources.

<sup>3</sup> An increase in the state vehicle registration fee of \$9 could be used in lieu of a 1 cent per gallon increase in the state gas tax.

	Year 1	2	3	4	5	6	7	8	9	10
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/ 15	2015/ 16	2016/ 17
External review of Pave Maint Plan	\$20,840					\$25,600				
Subsidy to Street Fund for Additional Crack Sealing	\$10,420	\$10,858	\$22,627	\$23,578	\$24,568	\$32,000	\$33,344	\$34,744	\$36,203	\$37,724
Pavement Condition Assessment		\$81,432			\$14,741					\$15,089.58
<b>Non-capital subtotal</b>	\$31,260	\$92,290	\$22,627	\$23,578	\$39,309	\$57,600	\$33,344	\$34,744	\$36,203	\$52,814
<b>Rehabilitation Projects</b>										
Washington Street		\$104,544								
Linwood Ave.		\$181,500								
37th Ave.			\$128,134							
27th&43rd Aves				\$251,626						
Lake Road				\$616,226						
River Road					\$214,036					
Oak Street					\$139,123					
Logus							\$440,577			
Ongoing Rehab TBD									\$492,366	\$513,046
<b>Reconstruct Projects</b>										
King Road	\$786,752									
Railroad Ave	\$400,000	\$780,505								
Monroe St			\$1,076,326							
Harvey				\$278,158						
Harrison					\$800,000	\$531,189				
Home						\$205,369				
Wood						\$362,416				
Stanley						\$78,616				

	Year 1	2	3	4	5	6	7	8	9	10
42nd Ave.							\$700,000	\$811,034		
Howe								\$498,431		
Roswell									\$492,030	
Local Reconstructs										\$600,000
<b>Capital Project Sub-total</b>	\$1,186,752	\$1,066,549	\$1,204,460	\$1,146,009	\$1,153,159	\$1,177,591	\$1,140,577	\$1,309,465	\$984,397	\$1,113,046
<b>Total Project Cost</b>	\$1,218,012	\$1,158,839	\$1,227,087	\$1,169,587	\$1,192,468	\$1,235,190	\$1,173,921	\$1,344,209	\$1,020,600	\$1,165,859
<b>Fund balance end of FY (cum.)</b>	<b>-\$18,012</b>	<b>\$23,149</b>	<b>-\$3,938</b>	<b>\$26,476</b>	<b>\$34,008</b>	<b>-\$1,182</b>	<b>\$24,897</b>	<b>-\$119,313</b>	<b>\$60,087</b>	<b>\$94,228</b>
The Illustrative 10 Year Program Budget assumes 4.2% inflation in construction costs per year (the rate currently recommended by Metro for costing future projects) and no increase in funds available.										
In addition, all reconstruction and rehabilitation costs include a 20% contingency and a 1% inspection cost.										

## **APPENDIX 8: Street Maintenance Program Definitions and Implementation**

Street maintenance is routine work performed to keep the asphalt pavement in a condition as close to possible to its newly constructed condition. This results in cost-effective use of limited available funds, and provides maximum benefit to the traveling public by enhancing the safety of the roadway and improving rideability of the road surface.

### **Maintenance:**

Preventive Maintenance is performed on streets in good condition, intended to extend the life by protecting the existing layer structure. Preventive Maintenance activities are composed of crack sealing, patching potholes, patch repairs and in some jurisdictions, use of what is termed slurry seal. Milwaukie does not use slurry seals as a matter of policy based on a low cost-benefit determination. Preventive maintenance as a strategy is intended to arrest light deterioration, retard progressive failures, and reduce the need for rehabilitation activities.

### **Rehabilitation:**

Rehabilitation activities include several types of resurfacing, including pavement overlay. The City of Milwaukie prefers pavement overlay to other overlay treatments including chip seal and cape seal. An overlay is the highest form of street maintenance, and involves the placement of a new layer of asphalt, usually two inches thick on the street. Use of a fabric layer placed between the existing and new pavement surface is a further enhancement to an overlay process. Properly maintained, an overlay or overlay with fabric can extend the useful life of the street by ten to fifteen years, although heavily used streets may require more frequent overlays.

### **Reconstruction:**

Reconstruction of the roadway requires removal of all layers of the pavement and the sub-base (usually comprised of crushed rock over fabric on a compacted dirt base). The sub-base is rebuilt and new layers of both asphalt base and top or "wearing courses" of asphalt are applied. Rebuilding a street can cost eight to ten times the cost of a street overlay. Basic maintenance costs are but a fraction of reconstruction costs. Reconstruction is the most expensive and extreme form of street repair due in part, to the need to coordinate and "go around" existing sub-grade utilities such as stormwater and water lines, gas, cable and other underground utilities that are located in public rights of way and usually at relatively shallow depths.

Reconstruction becomes necessary when the street experiences base failure, typically caused by the intrusion of water in the street sub-base structure, in turn caused by a failure of the "top lift" or surface pavement cap. Storm water runoff can also permeate the base of a street due to raveled or failing pavement edges and/or the inadequate handling of storm water at the edges of the street. In older

communities, such as Milwaukie, lightly traveled some local streets were built with no sub-base structure. The use of special tools and instruments designed to measure surface deflection is usually necessary to know whether the sub-base structure of the street is compromised. Deflection testing is labor intensive and expensive.

### **Pavement Management System**

The City purchased a computerized Pavement Management System (PMS), which will assist in tracking and prioritizing the maintenance needs of all City streets. The PMS is based on the proven concept that it is far less costly to proactively maintain streets rather than allow them to deteriorate to the point of needing reconstruction.

All streets in the city were visually inspected for pavement condition based upon a number of factors including cracking, rutting, and wear. In 1995 the City paid for deflection studies on many of the larger arterials and collectors. Using this combined condition information, the appropriate pavement repair method is determined and a cost estimate for that repair method is calculated. This repair cost is factored into the traffic load carried by the street to determine a cost/benefit ratio for the pavement repairs.

Major street maintenance is prioritized based upon the cost/benefit ranking produced by the PMS. This will result in the efficient use of available funding rather than relying on the simplistic “worst-first” method that has proven not to work. All streets will therefore be scheduled for repairs using an objective method of prioritization.

### **Maintenance Program Implementation**

The maintenance activities described above, excluding pavement rehabilitation, are currently implemented with existing staff resources. Routine maintenance activities are funded from the street operating budget with full time city employees. Rehabilitation and reconstruction are capital projects that need to be managed by the Engineering department with oversight by Streets Department. These projects require the use of outside contractors and a public bid process.

Pavement grind and overlay projects do not require engineered plans and can be managed at less cost (field inspection required but not drawings). Rehabilitation projects often require engineering plans and specifications. The Engineering department has the resources to manage both types of projects. Pavement grind and overlay projects can be completed within a matter of days depending on length. Reconstruction can take months based on the extent of utility coordination and whether curb, drainage or sidewalks are included.

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ESTABLISHING THE NEED FOR A STREET MAINTENANCE PROGRAM AND DIRECTING THE PREPARATION OF A PROPOSAL FOR SUCH A PROGRAM USING LOCAL FUNDS.**

**WHEREAS**, the City of Milwaukie's local street system has been estimated to have a replacement value of more than \$65 million; and

**WHEREAS**, numerous studies have consistently shown a deterioration of pavement condition throughout the city's street network; and

**WHEREAS**, the city's Street Fund and the state of Oregon have transportation revenues that are vastly insufficient to stabilize or reverse the continued degradation of Milwaukie's street system; and

**WHEREAS**, the nature of street maintenance compels the city to act sooner than later, given that street rehabilitation and reconstruction costs rise very rapidly over a short period of time if maintenance is neglected for too long; and

**WHEREAS**, the establishment of a Street Maintenance Program requires a combination of local funding sources;

**NOW, THEREFORE, BE IT RESOLVED** that staff is directed to design, in collaboration with Milwaukie neighborhoods and businesses, a City of Milwaukie Street Maintenance Program for Council action by December 31, 2006; and

**BE IT FURTHER RESOLVED** that funding for the Street Maintenance Program be adequate to reverse the overall decline of the system, such that over time, the system can achieve an overall Pavement Condition Index rating in the "Good" range and be maintained at that level; and

**BE IT FURTHER RESOLVED** that funding for the Street Maintenance Program be derived from any possible combination of a PGE Privilege Tax, Street Utility Fee, Local Gas Tax, and shifting the cost of street lighting out of the Street Fund; and

**BE IT FURTHER RESOLVED** that funding for the Street Maintenance Program be structured so to minimize negative impacts on the General Fund.

Introduced and adopted by the City Council on

This resolution is effective on

\_\_\_\_\_  
James Bernard, Mayor

ATTEST:

APPROVED AS TO FORM:  
Ramis, Crew, & Corrigan, LLP

\_\_\_\_\_  
Pat DuVal, City Recorder

\_\_\_\_\_  
City Attorney



To: Mayor and City Council

Through: Mike Swanson, City Manager

From: Kenneth Asher, Community Development & Public Works Director

Subject: Authorization to Execute a Purchase and Sale Agreement to Acquire Real Property at 11100 SE McLoughlin Blvd.

Date: July 11, 2006 for the July 18 Meeting

#### Action Requested

Authorize the City Manager to execute a Purchase and Sale Agreement with GRS Properties, LLC for \$850,000. Execution of this agreement sets the terms and conditions whereby the City may acquire real property at 11100 SE McLoughlin Boulevard on or before August 30, 2006.

#### Background

In June 2005, as part of the right-of-way negotiation for the McLoughlin Boulevard improvement project, the City and state (ODOT) made an offer of \$37,000 to GRS Properties, LLC for 1,020 square feet of property at the corner of Washington and McLoughlin. The \$37,000 was ODOT's appraised value of the land, plus a sign that was to be removed, plus a construction easement required for the McLoughlin project.

GRS Properties rejected this offer, causing ODOT to file for immediate possession to conduct the boulevard improvement work. GRS Properties believed that its property had been damaged by the McLoughlin redesign, which moved access to the property from Washington Street to McLoughlin Boulevard. GRS sought a cash settlement and a permit for constructing a second driveway to the property along the unimproved Adams street right-of-way. City staff was unwilling to meet these terms. Condemnation negotiations proceeded and a trial was set for May 30, 2006.

In February 2006, the city raised its offer to \$67,000 but declined to guarantee a permit for an Adams street driveway. In April, GRS Properties provided the City with an appraisal supporting a counter-offer of \$264,339 – a valuation based on the premise that the property value had been damaged due to the modified access.

On April 28, the City made its final offer (30 days before the trial date) of \$91,000 – an amount that was sized to minimize the risk that the City would lose at trial and be forced to pay GRS Properties' legal fees. GRS Properties rejected this offer as well.

During the negotiations, City staff inquired about GRS Properties' interest in selling the entire property to the City (including the 1,020 s.f. that was condemned for the McLoughlin project).

The GRS site is a 35,410 square foot retail property on four commercially zoned tax lots between McLoughlin, Washington, Main and Kellogg Lake, with a 3,000 square foot commercial building on it (the Cash Spot). The zoning is Downtown Office, which allows a wide range of commercial uses. The allowable floor-area-ratio is 3:1. The site has frontage on Main Street, Washington and McLoughlin.

With the condemnation trial approaching, GRS Properties indicated for the first time that it would consider an offer from the City to acquire the entire property.

City staff consulted with the City Attorney, City Manager, the GRS appraisal for the site, and legal counsel from the state (which was administering the case on behalf of ODOT), along with the state's appraisers who were evaluating the property in preparation for the trial. The states' appraisers concurred with the GRS appraisal that, at the time of the taking (May 2005), the value of the property was \$25/s.f., placing the value of the site in the \$850,000 to \$950,000 range. After several offers and counters, the parties agreed to a purchase price of \$850,000. The appraisal summary from GRS Properties is attached to this report as Attachment 1.

City staff and counsel from the state (with assistance from the City Attorney) conducted a risk assessment on the City's exposure under various trial and/or acquisition scenarios (Attachment 2). The City considered three scenarios; winning a jury settlement on the condemnation suit, losing a jury settlement on the condemnation suit, and avoiding the trial by acquiring the entire property. From this assessment, which showed that the City would likely pay a significant share of an amount between \$90,000 and \$665,000 for the 1,040 s.f. taking, the City determined that it was in its best interest to pursue acquisition of the entire site for continued downtown redevelopment.

The parties commenced negotiations on a draft Purchase and Sale agreement, which spells out the terms of the transactions (Attachment 3), causing the condemnation trail to be “abated,” or delayed for 60 days. Some of the important terms are:

- \$850,000 purchase price, to be paid into escrow by closing
- \$42,500 (5% of the purchase price) in earnest money, to be paid into escrow within ten days of executing the Purchase and Sale Agreement
- Closing to occur on or by August 30, 2006
- Approval of title by the City, with seller to remove exceptions as requested by the City by closing
- 30-day “Study Period” prior to closing during which time City has access to the site to conduct environmental studies and the right to terminate the agreement
- Approval by City Council (granted by this action)
- Possession of the property on the first day after closing
- Seller to remain on the property as a tenant through December 31, 2006, with a rent of \$3,000 per month.

Staff is finalizing a contract with Shaw Environmental, Inc., to conduct a Phase I Environmental Site Assessment and Asbestos Demolition Survey for \$4,650. Should the study indicate that there are no unusual Recognized Environmental Conditions requiring additional study, the parties will proceed to close without returning to City Council. If the study turns up the need for additional testing, staff will seek to extend the closing date and will return to Council for direction.

The intended use of the property is undetermined at this time. The site is strategically located at the south end of Main Street, providing a bookend to the revitalization efforts in the North Main Street area. The site is also near the Kellogg Creek restoration project, Kronberg Park, and the proposed entry to Riverfront Park. Although the site’s future use and redevelopment timing is unknown, staff is confident that the investment in this land is fiscally prudent, supportive of downtown planning and redevelopment goals, and opportunistic.

Staff recommends that Council take the action requested.

### Concurrence

The Budget Committee was briefed on this opportunity on May 31<sup>st</sup>, concurring with staff’s recommendation to proceed. The City Attorney and Finance Director have been involved with this process dating back to the earliest condemnation negotiations, and concur with site acquisition under the terms described. The state’s legal representatives from the Department of Justice, in preparing for the

condemnation hearing, opined favorably to City staff on the proposed terms of the transaction.

### Fiscal Impact

Oregon Local Budget Law allows a local government to loan money from one fund to another (ORS 294.460) provided such a loan is authorized by an official resolution or ordinance. The formal action must state the fund from which the loan is made, the fund to which the loan is made, the purpose of the loan, the principal amount of the loan and the interest to be charged. It must also set forth a schedule under which the principal and interest is to be budgeted and repaid. Capital loans must be repaid in full within five years of the date of the loan.

The City would acquire the property through an internal loan for a principal amount of \$850,000 from the Wastewater Capital and Reserve Fund to the General Fund, with the General Fund repaying the full loan amount to the Wastewater Reserve and Capital Fund within five years.

The balance in the Wastewater Capital and Reserve Fund is currently \$2.7 million. The proposed loan will reduce that balance to approximately \$1.85 million. The current Capital Improvement Program Wastewater plan is to expend approximately \$1.2 million over the next five years. The loan will not have an effect on the Wastewater capital improvement program in the City.

The fiscal impact to the General Fund is a payment to the Wastewater Capital and Reserve Fund of approximately \$200,000 per year for the next five years. The payment will be made from a combination of unallocated revenues and reduced future expenditures without reducing the current balance of \$900,000 in the contingency account and \$413,791 in unappropriated reserves. The payments will not impact operations in the General Fund.

Interest on the loan will be paid at the Local Government Investment Pool average annual rate during the life of the loan. The schedule of payments will be over five years from the date of the loan. Annual payments of principal and interest will be approximately \$196,872. See Attachment 4.

The City expects to offset a percentage of this expenditure from two revenue sources:

1. Once the city owns the property, it will be entitled to the value of the ODOT taking for the McLoughlin project. Staff estimates this value to be \$53,000, which will be applied to principal when received as revenue.
2. The draft Purchase and Sale agreement anticipates \$9,000 in rental payments from the Cash Spot the City for the use of the property during

the remainder of the 2006 calendar year. This revenue would also be applied to the loan principal.

These two revenue sources offset the \$850,000 loan amount by \$62,000, bringing the effective borrowing to \$788,000.

### Work Load Impacts

The action has several workload implications. Community Development staff will work closely with the City Attorney, Finance Director and City Manager during the month of August to close the transaction and execute a rental agreement, (assuming Council approval). This will not impact other staff assignments.

Once under the City's control, the site will require approximately 10 hours of cleanup and maintenance, to be conducted by Public Works operations crews. Ongoing maintenance is expected to be minimal, though building vandalism could create additional workload in the future, especially once vacated by the Cash Spot business.

Finally, the action will likely necessitate a master planning effort of some kind for the Kellogg Creek/McLoughlin Bridge & Dam/Riverfront Park entry area. This work would involve staff from many City departments, and would be targeted to begin in the late spring or early summer of 2007.

### Alternatives

Council could direct staff to seek other terms for acquisition, or another financing strategy, while still proceeding toward purchase of the property. Council could request that staff seek a second approval from Council once the study period is complete, prior to closing the transaction. Staff is recommending that it return for a second approval only if the environmental assessment reveals unusual Recognized Environmental Conditions on the site, which could significantly depress its future marketability or usability. Any alternative to the proposed action would impact the condemnation trial process, which, absent execution of this agreement, would restart potentially as early as late August. Should Council delay approval of the action as presented, City staff and the state's legal counsel would ask the Court to extend the abatement period another 30 to 60 days.

### Attachments

1. Appraisal Summary
2. Acquisition Risk Scenarios
3. Draft Purchase and Sale Agreement
4. Internal Loan Debt Service Schedule
5. Resolution

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON APPROVING THE PURCHASE OF REAL PROPERTY LOCATED AT 11100 SE MCLOUGHLIN BOULEVARD PURSUANT TO MILWAUKIE MUNICIPAL CODE SECTION 3.15.030.**

**WHEREAS**, the City Manager is proposing that the City purchase real property located at 11100 SE McLoughlin Boulevard (Cash Spot property) in the City of Milwaukie; and

**WHEREAS**, the acquisition of the property ensures that the City will not be at risk of an unfavorable jury settlement regarding damages potentially due to the property owner because of the design of the McLoughlin Boulevard improvement project; and

**WHEREAS**, the acquisition of the property gives the City site control of a large property at the south end of downtown, complementing other downtown redevelopment efforts; and

**WHEREAS**, the purchase price of the Cash Spot property is \$850,000, with \$42,500 of the purchase price due to escrow within ten days of execution of the Purchase and Sale Agreement; and

**WHEREAS**, the Oregon Local Budget Law allows local governments to loan money from one fund to another (ORS 294.460) subject to certain regulations; and

**WHEREAS**, the Wastewater Capital and Reserve Fund has a balance of \$2.7 million and can loan the full purchase price amount to the General Fund without impacting the Wastewater Capital Improvement Program in the next five years; and

**WHEREAS**, the General Fund can repay the loan to the Wastewater Capital and Reserve Fund over the next five years without impacting City services; and

**WHEREAS**, the appraisal of the property required by Milwaukie Municipal Code Section 3.15.030 has been considered by the City Council; and

**WHEREAS**, Milwaukie Municipal Code Section 3.15.030 requires that a purchase of real property valued at more than \$25,000 requires the “approval of the city council.”

**NOW, THEREFORE, BE IT RESOLVED** that, pursuant to Milwaukie Municipal Code Section 3.15.030, the City Council approves the purchase of the real property located at 11100 SE McLoughlin Boulevard and authorizes the City Manager to take all action necessary, including execution of all necessary documents, to complete the said purchase; and

**BE IT FURTHER RESOLVED** that the City Council approves a capital loan of \$850,000 from the Wastewater Capital and Reserve Fund to the General Fund with payments of interest at the Local Government Investment Pool rate and principal consistent with the following schedule:

ATTACHMENT 5

Year	Principal	Interest	Payment	Principal Balance
Ending				850,000.00
2008	153,521.60	43,350.00	196,871.60	696,478.40
2009	161,351.21	35,520.40	196,871.60	535,127.19
2010	169,580.12	27,291.49	196,871.60	365,547.07
2011	178,228.70	18,642.90	196,871.60	187,318.37
2012	187,318.37	9,553.24	196,871.60	(0.00)

Payments from the General Fund to the Wastewater Capital and Reserve Fund

and,

**BE IT FURTHER RESOLVED** that the City Manager will seek additional approval from City Council prior to closing, should due diligence on the property reveal any unusual Recognized Environmental Conditions.

Introduced and adopted by the City Council on July 18, 2006.

This resolution is effective on July 19, 2006.

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James Bernard, Mayor

ATTEST:

APPROVED AS TO FORM:  
Ramis, Crew, & Corrigan, LLP

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Pat DuVal, City Recorder

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City Attorney